



ANNUAL REPORT 2022



## Contents

2	Chairman's Report
6	Directors' Report
35	Auditor's Independence Declaration
36	Consolidated Statement of Profit or Loss and Other Comprehensive Income
37	Consolidated Statement of Financial Position
38	Consolidated Statement of Cash Flows
39	Consolidated Statement of Changes in Equity
41	Notes to the Consolidated Financial Statements
112	Directors' Declaration
113	Independent Auditor's Report
120	Shareholder Information
122	Corporate Directory





# Chairman's Report



Dear fellow shareholder,

It is my pleasure to provide an update on the progress your company has made in the last financial year, which included key scientific highlights, as evidenced with the White Graphene and Li-S market announcements, but also some investment lowlights. We thank you for your continued support and before I comment on this financial year, I would like to briefly reflect on the last two years.

In my 2020 Executive Chairman's Report, I informed shareholders of the change in PPK's strategy to become a technology commercialisation business. The actual production of high quality 95% pure BNNT, the advancement of the Li-S Energy Limited battery project, and PPK's ongoing joint venture relationship with Deakin together combined to create a step change in future opportunities for PPK.

In my 2021 Executive Chairman's Report, I noted several important milestones on PPK's transformation to a technology incubation and commercialisation business, particularly:

1. significant progress in automating the BNNT manufacturing process and becoming the leading global manufacturer of BNNT;
2. the IPO of Li-S Energy Limited, the first IPO of a BNNT application project to move from research to the commercialisation phase, including material distribution to shareholders; and

3. the decision to demerge the mining business, which we hope will be a long-term benefit for shareholders who remain with the mining business.

This position was further updated with progress in my December 2021 Executive Chairman's Report.

## THE PRIORITY IS TO COMMERCIALISE THE TECHNOLOGY

While this year we have successfully achieved the above three key objectives outlined in my 2021 Executive Chairman's report, the next major objective is to commercialise the technology. The last six months of this financial year have been a difficult one for our shareholders with the significant disruption to the global investment markets, particularly the technology sector, and the large decline in PPK's share price.

Major changes in strategy sometimes brings unforeseen opportunity, challenge and complexity. Perseverance is standing PPK in good stead to succeed. We believe we have the right strategy for PPK going forward and acknowledge that:

- BNNT is a relatively new product. Purity and quality were initial challenges that we have addressed and are confident have been met. The extension of the opportunity and challenge is how to best combine BNNT with other composites (for example metal and ceramics) to achieve the desired outcomes. The cost of producing BNNT is always relevant, and we continue to make solid progress through production flow, scale, and increased automation.
- Once BNNT has been successfully combined into composites, industry and best practice requires further testing to prove the product qualities (for example tensile strength, hardness, durability)

- Once a BNNT application performs as expected, there is a need and opportunity to make a market, through our BNNT application companies, or by identifying potential customers or partners who see the opportunity. We are committed to work with those third parties to commence and complete their own extensive testing programs.

## PORTFOLIO STRENGTH

We have an outstanding application portfolio across multiple industries, segments, and geographies. The total addressable market is significant. For some applications we have sufficiently proven the science and production -we must now increase the focus on marketing and sales, acknowledging the time required in line with the latter points.

## MAJORITY POSITIVE SCIENTIFIC RESULTS AND TARGETED WORK WILL CONTINUE

Last year we communicated significant results for White Graphene with polymer and resin projects (22nd March 2022) and gelcoat updates (22nd August 2022). The Precious Metals preliminary results are positive, and we are awaiting the final research project results so we can make a formal announcement.

LIS continues to substantially increase cycle life in its lithium sulphur batteries with test cells now demonstrating sustained performance over 1,000 charge/discharge cycles whilst retaining a specific capacity almost three times that of a typical commercial lithium-ion battery. It has extended its innovation to another high energy density technology, lithium-metal batteries, with early results showing improved capacity retention and dendrite reduction. Increase from single layer pouch cells to ten-layer cells, and finally twenty-layer cells that are currently being prepared for testing.



## Technology



## White Graphene



## Energy

Manufacturing Boron Nitride Nanotubes (BNNT), commercialisation of Lithium-Sulphur Batteries, White Graphene, Precious Metal Products & cutting edge Artificial Intelligence.



## Precious Metals



## Advanced Mobility Analytics

# Chairman's Report

As with any scientific testing, it is not feasible nor expected to achieve success with every test. The 3D Dental Project objective was to infuse BNNT into dental materials including zirconia and lithium disilicate ceramics. The project has been halted to consider alternative approaches.

Two other projects did not progress substantially last year and will be part of a strategic portfolio review for the upcoming financial year: (1) to blend BNNT into bullet resistant glass, and (2) to blend BNNT into ceramic and polymer materials for body armour.

What is important is that we take the learnings from each of these projects and apply them moving forward through a continual learning loop.

AMAG now has three products available – SMART Survey, Operations and Safety. There is significant global interest, including the USA with the approved infrastructure legislation, which has a first ever Safe Streets and Roads for All program to support projects to reduce traffic fatalities.

## NEW LEADERSHIP TEAM

The executive team that supports the portfolio has been built out and significant systems and technologies have been put in place to amplify that support.

## IMPACT OF A CHANGING HEALTH LANDSCAPE

The Survivon investment has not progressed as we would have liked, with approval by the Therapeutic Goods Administration of the "new" masks taking months longer than expected. When combined with the reduction in mask mandates and high rates of local vaccinations, this resulted in a reduction of demand. The combination of these negatively impacted PPK financially as expanded later in the Annual Report.

## FINANCIAL RESULTS

With PPK now predominantly structured as a holding company, its revenues will be realised in returns from its subsidiary companies or associates as dividends, managements fees or some similar arrangement.

With the subsidiary companies and associates at various stages of generating profits, the financial results on PPK's profit or loss statement as summarised in Note 4 Segment Information showing:

- Revenue from contracts with customers of \$1.647 million
- Gain on re-measurement equity interest at fair value of \$11.648 million
- Share of loss of associates and a joint venture of \$4.039 million
- Other operating income of \$0.254 million
- Technology expenses of \$9.646 million
- Corporate expenses of \$6.888 million

## SHAREHOLDER SUPPORT

I am pleased that the PPK Group continues to receive support from its wide shareholder base as is evident from the Li-S Energy \$34 million IPO capital raise in September 2021, the White Graphene \$1.96 million capital raise in September 2021 and the White Graphene capital raise of between \$3.575 million to \$8.575 million that is currently in progress. While global investment markets are extremely difficult, it is reassuring to see investors support good opportunities presented by the Group aligned to our new strategic focus.

## ESG UPDATE

This is the first year PPK Group has published an ESG report, which includes achievements for last financial year and planned objectives for this financial year. Our Environmental objectives relate to practical waste and energy consumption given our small office footprint, and partnering with organisations such as Deakin who have clear sustainability values; Social objectives on diversity, inclusion, and thriving people underpinned with a strong cyber security foundation; Governance objectives include new board members, remuneration committee and risk committee, which leverages the new risk Software-as-a-Service platform across PPK Group.

## OUTLOOK AND PRIORITIES

It is important to reiterate the belief your Board and management team have of the strength of the application portfolio, and the size of the opportunity. This will require a careful balance of the right capabilities focused on scientific work versus driving the commercialisation.

As each application becomes fully funded, we need to strengthen the commercialisation capabilities. We expect White Graphene and Precious Metals to be the next two commercialisation opportunities that will return value to PPK shareholders, assuming market conditions are favourable. AMAG has a healthy pipeline to convert, and its safety and operational solutions with artificial intelligence are receiving widespread positive interest and feedback. The CIB aerospace autoclave has been installed, will be operational for the 2023 year and is expected to provide significant new opportunities for future growth at CIB.

We will continue to assess our portfolio composition, and importantly be prepared to make decisions to pause or shut down, where the facts support the decision. We will be selective of new opportunities and seek to introduce an Advisory Committee to aid with early-stage assessment.

Acknowledging this is our inaugural ESG report, we will stay attuned to the changing ESG needs and deliver our commitments.

The Company expects to hold its Annual General Meeting in Brisbane on Wednesday, 23 November 2022. Nominations from persons wishing to be considered for election as a director is expected to close on Wednesday, 5 October 2022.



**Robin Levison**  
Chairman

# Financial Report FY22

For the year ended 30 June 2022

## Contents

- 6 Directors' Report
- 35 Auditor's Independence Declaration
- 36 Consolidated Statement of Profit or Loss and Other Comprehensive Income
- 37 Consolidated Statement of Financial Position
- 38 Consolidated Statement of Cash Flows
- 39 Consolidated Statement of Changes in Equity
- 41 Notes to the Consolidated Financial Statements
- 112 Directors' Declaration
- 113 Independent Auditor's Report

# Directors' Report

for the year ended 30 June 2022

Your directors present their report together with the financial statements of the consolidated entity, being PPK Group Limited and its 100% owned subsidiaries ("PPK") and its controlled entities (the "Group") for the financial year ended 30 June 2022.

## DIRECTORS

The names of directors in office at any time during or since the beginning of the financial year and up until the date of this report are:

- Robin Levison
- Glenn Robert Molloy
- Dale William McNamara                      Resigned 9 June 2022
- Anthony John McDonald
- Anne-Marie Birkill                              Appointed 1 July 2022

Directors have been in office since the start of the financial year to the date of this report, unless otherwise noted.

## INFORMATION ON DIRECTORS

Details of the current directors' qualifications, experience and special responsibilities are detailed below:

**Robin Levison** CA MBA F.A.I.C.D. (Age 64)

### **Chairman**

*Member of the PPK Group Limited Board since 22 October 2013.*

*Executive Chairman from 22 October 2013 to 29 April 2015 and re-appointed from 28 February 2016 to 30 June 2022 and as Chairman and Non-Executive Director from 1 July 2022 onwards.*

*Non-Executive Chairman from 29 April 2015 to 28 February 2016 and since 1 July 2022 onwards.*

*Member of the Audit Committee from 14 August 2017 to 25 January 2018 and since 1 July 2022 onwards.*

*Member of the Remuneration and Nomination Committee since 21 December 2021.*

Robin Levison has more than 25 years of public company management and board experience. During this time, he has served as Managing Director at Industree Limited and Spectrum Resources Limited and has held senior roles at KPMG, Barclays Bank and Merrill Lynch. He is a Non-Executive Director of a number of PPK's related companies including ASX listed Li-S Energy Limited, unlisted public companies White Graphene Limited, BNNT Technology Limited and BNNT Precious Metals Limited and private companies including 3D Dental Technology Pty Ltd, Ballistic Glass Pty Ltd, Strategic Alloys Pty Ltd, AMAG Holdings Australia Pty Ltd, Mask Innovation Pty Ltd and Craig International Ballistics Pty Ltd.

Robin holds a Master of Business Administration from the University of Queensland, is a Member of the Institute of Chartered Accountants Australia and NZ and is a Graduate and Fellow of Australian Institute of Company Directors. Robin recently retired as Chair of the University of Queensland Business, Economics and Law Alumni Ambassador Council.

*Other listed public company directorships held in the last 3 years:*

- Chairman of Mighty Craft Limited (formerly Founders First Limited), Non-executive Director & Chairman (Appointed: 17 December 2019)
- Non-Executive Director of Li-S Energy Limited (appointed 12 July 2019)

**Glenn Molloy** (Age 67)

### **Executive Director**

*Member of the PPK Group Limited Board since listing on 21 December 1994.*

*Chairman of the Audit Committee since 14 August 2017, resigned as Chairman on 21 December 2021 but continued as a member of the Audit & Risk Committee until 30 June 2022.*

*Founder of the former entity Plaspak Pty Limited in 1979, appointed Executive Director in September 2009.*

Glenn Molloy founded the former entity Plaspak Pty Ltd in 1979 and has acted as a director of PPK since that time. He has extensive experience on public company boards, and in advising publicly listed and private entities on commercial aspects of mergers, acquisitions and divestment activities. He is Executive Chairman of PPK's unlisted public companies BNNT Technology Limited and White Graphene Limited and a Non-Executive Director of PPK's related companies BNNT Precious Metals Limited, 3D Dental Technology Pty Ltd, Ballistic Glass Pty Ltd, Mask Innovation Pty Ltd and Craig International Ballistics Pty Ltd.

*Other listed public company directorships held in the last 3 years: Nil*



## Directors' Report

for the year ended 30 June 2022

**Anthony John McDonald LL.B**, (Age 64)

**Non-Executive, Independent Director**

*Member of the PPK Group Limited Board since 13 September 2017.*

*Member of the Audit Committee since 25 January 2018, Chairman of the Audit & Risk Committee from 21 December 2021.*

*Chairman of the Remuneration and Nomination Committee since 21 December 2021.*

Tony McDonald graduated with a Bachelor of Laws from the Queensland University of Technology in 1981 and was admitted as a solicitor in 1981. He has been involved in the natural resource sector for many years both within Australia and internationally and for the past 20 years has held senior management roles in this sector. He is a Non-Executive Director of a number of PPK's related companies including ASX listed Li-S Energy Limited, unlisted public company White Graphene Limited and private company Strategic Alloys Pty Ltd.

*Other listed public company directorships held in the last 3 years:*

- Santana Minerals Limited, Non-Executive Director (Appointed: December 2019, Executive Director 15 January 2013 to December 2019)
- Li-S Energy Limited, Non-Executive Director (Appointed 12 July 2019)

**Anne-Marie Birkill BSc (Hons) MBA GAICD**, (Age 58)

**Non-Executive, Independent Director**

*Member of the PPK Group Limited Board since 1 July 2022.*

*Member of the Audit & Risk Committee since 1 July 2022.*

*Member of the Remuneration and Nomination Committee since 1 July 2022.*

Anne-Marie is an experienced Executive and Non-Executive Director with private, public, industry and government boards and committees that support and finance technology companies. She has more than 30 years' experience in commercialising and developing products for the innovation and investment sectors.

Anne-Marie is a co-founder and director for OneVentures, a venture capital firm that invests in technology companies with global potential. Her previous executive roles have included CEO for i.lab, a technology incubator, and General Manager for UniQuest, the University of Queensland's technology commercialisation company. She is an active participant in the innovation community, speaking at a wide range of events, and is a mentor for women working in the finance sector.

*Other listed public company directorships held in the last 3 years: Nil*

**Dale McNamara** (Age 64)

**Executive Director**

*Member of the PPK Group Limited Board since 30 April 2015, resigned 9 June 2022.*

Dale McNamara first joined PPK in an executive capacity in late 2013. Dale has more than 30 years of experience in operational and management roles in the coal mining industry in Australia and China.

Dale founded Wadam Industries, a subsidiary of Industrea Ltd and served as its Managing Director since 1993. Dale was then appointed as Deputy Chief Executive Officer of Industrea in 2009. Following the takeover of Industrea in November 2012 Dale assumed the position of Global Director, Mining with the new owner.

*Other listed public company directorships in the last 3 years: Nil*

### INFORMATION ON COMPANY SECRETARIES

**Will Shiel** BA (Hons) in Law FGIA (Age 40)

Will was a senior legal counsel and manager at ASX Limited, focusing on technology. Before this, he held a variety of senior positions at leading national and international law firms. Will specialises in all aspects of commercial law, with particular experience in intellectual property, contracts and cutting-edge technology transactions.

Appointed as General Counsel and Company Secretary on 16 August 2021.

# Directors' Report

for the year ended 30 June 2022

**Liam Fairhall** Blaw (Hons); Bmed Rad Sci; Grad Dip ACGRM; (Age 41)

Appointed Company Secretary on 30 June 2022.

Liam is the Deputy General Counsel for PPK Group Limited. He specialises in all aspects of corporate law and governance and has acted on a wide range of complex transactions, assisted multiple companies list on the ASX and advised Boards on a diverse range of regulatory and compliance issues. Before joining PPK, Liam was Head of Legal and Company Secretary at a technology focussed bank that specialises in the provision of payment products and financial crimes services. Before this, he was a Senior Associate in the Corporate Advisory Group of one of Brisbane's largest independent law firms.

**Pat Rogers (Age 50)** Blaws, Bbus Accy, FGIA

Appointed as General Counsel and Company Secretary on 4 May 2021, resigned on 26 July 2021.

Tony McDonald acted as Company Secretary for regulatory purposes for the period from 26 July 2021 to 16 August 2021.

## PRINCIPAL ACTIVITIES

With the restructuring of the Group over the past two years, PPK has become a technology incubation and commercialisation company with its main focus on the manufacture and sale of BNNT and as an incubator for BNNT application companies and other innovative university or externally sourced science and technologies.

PPK's initial focus was to produce BNNT of a high quality in a single furnace using Deakin's patented technology. Once achieved, the next step in 2021 was to increase the production volume of BNNT which was achieved using a multi-furnace configuration (modules) and innovative design to semi-automate the process. This year we have significantly increased production volume, enhanced automation and moved to larger premises at Deakin's Waurm Ponds campus to expand the number of modules operating.

Over the past two years, we have worked with Deakin to identify commercial opportunities to use BNNT's unique characteristics to develop new products, in particular where Deakin has done previous research. We have also identified industries which BNNT could have a significant advantage and formed partnerships with companies to work with Deakin and us to develop new products.

These BNNT application projects are initially funded by debt from PPK and/or its development partner with the debt to be repaid through future profits from the BNNT application. Once the science is developed to a stage where testing is completed, production capabilities (ie quality, cost, production rates, etc) confirmed and price points validated in the industry then the opportunity can be determined. At this point, PPK spreads its risk by raising capital from sophisticated investors or institutions to fund the next stage to a pre-IPO. At the pre-IPO stage, the BNNT application project is corporatised with business plans and budgets finalised, specialists identified, directors appointed/confirmed and a capital raise and/or IPO is planned.

As an example, the Li-S Energy battery project was identified as a BNNT application project and PPK followed the above process to take it to an IPO with PPK retaining a controlling percentage and creating a potential sales channel for BNNT sales.

White Graphene (boron nitride nanosheets or BNNS) is a new application product for which Deakin has provided 10 years of research. Last year PPK provided an update of the preliminary results of initial testing for a number of industrial applications. PPK has followed the same corporatisation approach as mentioned above and has informed the market of the recent positive results of further testing. PPK is now in a pre-IPO capital raise where funds will be used for the construction and commissioning of the commercial scale plant, further research and development of new materials for transport and storage of hydrogen, new high-performance coatings, and commercialising new White Graphene products.

PPK is also a technology incubation partner with AMAG, a project presented to PPK from the University of Queensland, in which PPK has a 35% interest. PPK is also a commercial partner for CIB and Survivon in this financial year.

Below is a summary of these companies.

### BNNT Technology Limited ("BNNTTL")

BNNT Technology Limited (BNNTTL) continued expanding the BNNT manufacturing plant and believes it to be the lowest cost producer of BNNT globally. On 7 March 2022, BNNTTL signed a 3-year lease with two 3-year options for approximately 1,000m<sup>2</sup> at Deakin's Waurm Pond campus thus providing capacity to expand and operate two new 6 furnace modules (SM6 modules) and the two existing 4 furnace modules (SM4 modules). Once fully commissioned, BNNTTL's production capacity is expected to increase to around 500 kilograms per annum with > 95% purity. BNNTTL will be well placed to meet future BNNT demand.

With the significantly larger production facility, we will look to further enhance the automation processes to optimize production and further lower the cost of production.

# Directors' Report

for the year ended 30 June 2022

BNNTTL holds 30 million shares in Li-S Energy (4.69%), which are escrowed until 27 September 2023, and holds 8 million shares in White Graphene Limited (WGL), which after the pending capital raise by WGL discussed below will still be a minimum of 7.7%.

## Precious Metals

The principal activity of Precious Metals is the development of metal matrix composites (including silver, gold and copper) incorporating BNNT. Adding BNNT to these metals is intended to increase their strength, toughness and durability, and make them more useful in a host of industrial applications and jewellery.

Research completed to date has been very positive and we await completion of the final research project before PPK will be in a position to make an announcement. Pending further positive results, management has commenced preliminary discussions with potential manufacturing partners.

PPK has a 45% interest.

## Strategic Alloys

Strategic Alloys is a joint venture with Amaero International Limited (ASX:3DA), with the aim of combining very small quantities of BNNT with aluminium and titanium alloys to create super materials for the defence and aerospace industries. The project focuses on developing new super strength aluminium and titanium alloys using BNNT in their formulation, which acts as a grain refining, nano-reinforcement and strengthening agent, significantly improving mechanical properties.

Scientific testing of various alternative methods of introducing BNNT into the alloy continue.

PPK has a 45% interest.

## White Graphene

White graphene is another nanomaterial which we intend to manufacture and provided an update in our half year report. The pilot production plant is now producing close to 500 grams of white graphene per day, it has confirmed the manufacturing process is working, and plans to scale to around 2 kilograms per day as we build the commercial scale plant over the next six months.

Some of the unique properties of white graphene are:

- 138 times stronger than steel and 4 times lighter
- 3 times more thermally conductive than copper
- Can bend millions of times without fracture
- Resistant to corrosion from acids/alkalines and salt water
- Highly impermeable to hydrogen
- Acts as a radiation shield

Of the eight fast-track application projects, we have had very good success with the two completed polymer and resin projects and announced these results to the market. These results demonstrate the opportunity for significant and viable large scale industrial use of boron nitride nanomaterials in the manufacture of everyday products and we have had preliminary discussions with potential partners to combine white graphene into their products.

Last year we anticipated that WGL could be the next IPO and progressed the process in the first six months of the financial year, however, with the negative investment markets in the last six months this plan has been put on hold. In September 2021, WGL completed a capital raise of \$1.960 million and is now in the process of a further capital raise which will value WGL at around \$75 million. The funds are intended to be used for the construction and commissioning of the commercial scale plant, further research and development of new materials for transport and storage of hydrogen and new high-performance coatings and commercialising new White Graphene products.

After the capital raise, PPK will own a minimum of 51.8% and BNNTTL will own a minimum of 7.7%.

## Li-S Energy Limited ("LIS")

LIS's objective is to utilise BNNT and Deakin's existing technology and research in lithium-sulphur batteries to develop a battery technology based on more advanced lithium-sulphur chemistry, where BNNTs and other nanomaterials are incorporated into battery components to:

- Improve battery energy capacity when compared to current lithium-ion batteries; and
- Improve cycle life when compared to conventional lithium-sulphur batteries.

LIS completed an Initial Public Offer, raised \$34.000 million and listed on the ASX on 28 September 2021.

## Directors' Report

for the year ended 30 June 2022

LIS has recently provided an update to the ASX in which it has:

- Successfully completed numerous drone flights using LIS's proprietary 10-layer lithium sulphur and lithium metal pouch cells.
- Produced and commenced testing of 10-layer lithium sulphur pouch cells, with BNNT in the cathode construction and Li-nanomesh protecting the lithium anode. The cells utilise "lean" electrolyte loading consistent with the volume of electrolyte typically used in commercial cells. Minimising the electrolyte loading is important to reduce the weight and increase the energy density of the cell.
- Produced and commenced testing of 10-layer lithium metal pouch cells using Li-nanomesh to mitigate dendrite formation on the lithium metal anode.
- Received delivery of the Phase 2 pouch cell production equipment in June 2022 including cathode coaters, cathode material preparation machines, cell stacking, welding and pouch cell production equipment. Once installed and commissioned, this equipment will increase the number and capacity of cells the Company can produce, including initial test cells for partner collaborations.

LIS continues to expand its international reputation by:

- becoming a cornerstone partner in the Recycling and Renewable Energy Commercialisation Hub and will receive up to \$5m in co-investment over the next four years;
- partnering with the Future Battery Industry Cooperative Research Centre focused on accelerating the development of advanced next generation polymer and solid-state electrolytes for lithium sulphur and lithium metal batteries;
- attending the International Meeting on Lithium in Sydney, with 800 delegates, and the Battery Show Europe, with 550 exhibitors and presenters from the world's leading auto manufacturers and battery manufacturers; and
- proactively manage its IP and patent portfolio, with core IP proceeding through the phases of global protection and appropriate systems and processes in place to secure data and trade secrets.

This is the first of what the Board of PPK expects might be a number of spin-offs arising the application of BNNT to create new products and business ventures.

PPK owns 45.43%, Deakin owns 13.02% and BNNTTL owns 4.69%, PPK's direct and indirect interests hold 50.23%.

### 3D Dental

The purpose of this project was to infuse BNNT into dental materials including zirconia and lithium disilicate ceramics. The project has been halted to consider alternative approaches to 3D printing BNNT into the dental materials. A \$0.356 million write-off for the research and development costs has been incurred. The project has provided learnings for infusing BNNT, which has been used for other projects with similar methodologies.

This project has been reviewed and an alternative project using different dental materials and approach to blend BNNT with these dental materials has been proposed by the scientists, but a decision has not been made to progress. 3D Dental will be part of a strategic portfolio review for the upcoming financial year.

PPK has a 45% interest.

### Ballistic Glass

There are two separate projects in progress; firstly, to blend BNNT into bullet resistant glass and secondly to blend BNNT into ceramic and polymer materials for body armour.

Neither project has progressed substantially this year and will be part of a strategic portfolio review for the upcoming financial year.

PPK has a 40% interest.

# Directors' Report

for the year ended 30 June 2022

## OTHER TECHNOLOGY UPDATES

### CIB

CIB is a leading supplier of body armour to the Australian Defence Force and Police Forces. CIB's revenues were almost \$16 million at the end of the reporting period, representing an increase of more than 80% from the previous year. Despite continuing to experience supply chain issues, the company delivered an EBITDA of more than \$0.5 million after paying management fees of \$3.6 million to its shareholders, of which PPK received \$1.6 million.

Russia's ongoing invasion of Ukraine, and uncertainty of further military actions against neighbouring countries in Eastern Europe, has heightened global uncertainty with defence forces increasing their expenditure in the defence sector. CIB has seen increased inquiries from a broad range of customers and is well positioned to meet their needs. While supply chain issues still occur, the main impact comes from some international suppliers which can't be sourced locally but this is compensated by holding more stock for these materials. The aerospace autoclave has been delivered and is being commissioned and will be a welcome asset in the future.

PPK has a 45% interest.

### AMAG

AMAG developed the world's first Safe Mobility Alert Real Time (SMART) Artificial Intelligence (AI) delivered via a Software-as-a-Service (SaaS) model. It enables governments to achieve Vision Zero and Safe Systems policy objectives leveraging the efficiencies and scalability of SaaS and offering analytics and insights horizontally.

AMAG released its third product in March 2022, SMART OPERATIONS, a world-first platform using video analytics and AI to detect and proactively manage risk amongst road users via real time alerts. The company is focused on generating enterprise solution sales from its comprehensive platform designed for traffic management centres.

PPK provided ongoing capital for the company during the year for the development of its software platform and now has an interest of 35% in AMAG. Since the year end, PPK continues to provide capital support. AMAG is running a capital raise for new investors to provide a broader capital base to increase its revenues from 2022 actuals of \$0.6 million towards a breakeven cash position in the next 12 months.

PPK has a 35% interest.

### Mask Innovations - formerly Survivon

PPK invested \$4.5 million in Survivon in September 2021 as a joint venture to manufacture anti-viral, antibacterial face masks using a new technology based on an ultra-thin / nano-scale coating of 99.95% pure copper, applied to the surface of the fabrics using a vapour deposition process.

This investment has not progressed as we would have liked, with approval by the Therapeutic Goods Administration of the "new" masks taking months longer than expected. When combined with the reduction in mask mandates and high rates of local vaccinations, this resulted in a reduction of demand.

As a result, mask sales were low and Survivon incurred an operating loss of \$1.9 million for the year. At year end, Survivon further impaired the intellectual property for the copper technology acquired and the associated equipment and inventories for use with this technology for \$5.6 million. The total loss was \$7.6 million of which PPK recognised \$3.6 million.

As a result of a strategic review, the shareholders agreed that Survivon would buyback PPK's interest in Survivon and simultaneously PPK would purchase back the Mask Innovations (MI) mask manufacturing business that it had sold into Survivon initially (effectively demerging the businesses). Mask Innovations has entered into a distribution agreement with Survivon to receiving finished materials made using the copper technology for incorporation into its masks (Note 37.1.5). PPK is now evaluating the commercial opportunities for MI and will report back in its half year commentary.

PPK held a 47.62% interest in Survivon at year end and nil after the share buyback by Survivon after year end. After the purchase of MI, and a pending corporate restructure, PPK will hold a 90% interest in MI.

### Demerger of the mining services business

We successfully demerged the mining business but this was not achieved by way of the anticipated trade sale. With the negative sentiment in the coal industry, it was difficult to find a buyer willing to offer a fair and reasonable price for the mining business. Investor advice was that the mining business needed scale to list on a stock exchange in the current investment environment. Hence, the directors determined the best decision was to give existing PPK shareholders the opportunity to own shares in both the technology sector and the mining business themselves. As a result, the demerger of the mining business via a tax-free dividend and capital return of 17.92 cents per share to existing PPK shareholders was a good outcome.

# Directors' Report

for the year ended 30 June 2022

## OPERATING RESULTS

With PPK now predominantly structured as a holding company, its revenues will continue to be realised in returns from its subsidiary companies or associates as dividends, managements fees or some similar arrangement. With the subsidiary companies and associates at various stages of generating profits, the financial results on PPK's profit or loss statement as summarised in Note 4 Segment Information showing:

- Revenue from contracts with customers of \$1.647 million, being the CIB management fee of \$1.620 million and revenue from external sales of BNNT of \$0.027 million.
- Gain on re-measurement equity interest at fair value of \$11.648 million as explained in Corporate below.
- Share of loss of associates and a joint venture of \$4.039 million as explained in Associates and Joint Ventures below.
- Other operating income of \$0.254 million as identified in Note 3.2 and consisting of:
  - \$0.311 million of rental income;
  - Foreign exchange gain on financial assets at FVTPL of \$0.251 million being the recognition of the foreign exchange movement for LIS's investment in Zeta Energy;
  - Loss on sale of financial assets at FVTPL of \$0.419 million reflects the share price movement of investments held in ASX listed companies;
  - Gain on sale of FVTPL of \$0.049 million reflects the profit from the sale of investments held in ASX listed companies;
  - Finance income of \$0.174 million is the interest earned from PPK's loans and from subsidiaries cash deposits;
  - Impairment of a loan of \$0.112 million is the write off of a loan made to a venture acquired in conjunction with the acquisition of BNNTTL.
- Technology expenses of \$9.646 million as identified in Note 4 and explained in Subsidiary Companies below.
- Corporate expenses of \$6.888 million as identified in Note 4 and explained in Corporate below.

## Associates and Joint Ventures

The loss of \$4.039 million from associates and joint ventures in Note 22.3 is predominantly related to the loss from Survivon of \$3.629 million, which includes PPK's share of an operating loss of \$0.945 million for the financial year and \$2.684 million for impairment of the intellectual property associated with the copper technology, inventories and equipment. As a result, subsequent to the year end, PPK made the decision to exit from direct involvement in the copper technology business and sold its interest in Survivon back to the company for written down book value of \$0.864 million and purchased the mask manufacturing business for \$0.864 million.

The loss from BNNTTL of \$0.234 million is for the period before it became a subsidiary. The BNNTTL results include the fair market value of BNNTTL's investment in LIS of \$14.000 million, however, under the accounting standards PPK is required to eliminate this as LIS is a subsidiary and will realise the actual movement only when the shares are sold.

The CIB loss of \$0.107 million is our share of its financial results for the year after it paid a \$3.600 million management fee to its shareholders. Hence, our return from 45% interest in CIB is actually \$1.513 million for the year, a return of 30% on PPK's initial investment.

The loss from AMAG of \$0.069 million, after revenues of more than \$0.600 million, was expected as most of its costs are being capitalised while it develops its software.

## Corporate

Corporate results in Note 4 Segment Information show a profit of \$6.291 million, which doesn't include management fees of \$1.887 million for subsidiaries that are eliminated on consolidation.

The \$1.620 million is our management fee from CIB.

The rental income is from the property investment which provides an annualised return of 7.0%.

The \$11.648 million re-measurement of equity interest at fair value is an accounting adjustment required to recognise the inherent fair value of our investment in BNNTTL at the time it became a subsidiary which it can't recognise as a joint venture. This transaction also creates a goodwill of \$29.271 million which is recognised as an asset on the statement of financial position being the difference between the fair value of BNNTTL adjusted for PPK's 51% in the identifiable net assets acquired as at the date of becoming a subsidiary.

The unrealised loss of \$0.419 million was in relation to strategic holdings in ASX listed companies resulting from the share market movements late in the financial year. The \$0.049 million is a gain from the sale of ASX listed companies. The interest of \$0.129 million was from secured loans made in the previous year and maturing this year. The impairment loan of \$0.112 million was in relation to a business opportunity, which was acquired as part of the BNNTTL acquisition for nil consideration, and which PPK loaned funds to continue to develop while it was evaluated as a commercial opportunity.

# Directors' Report

for the year ended 30 June 2022

The \$6.888 million of corporate expenses includes \$5.080 million of administration expenses which is made up of \$3.378 million of employee related costs, \$0.754 million of directors' salaries and fees, \$0.231 of technology costs, \$0.220 million of occupancy cost and \$0.497 million of other costs. The other costs are self-explanatory.

## Enhancements to PPK's Corporate Support Services

PPK has increased its internal resources with the appointment of a full-time Legal Counsel and Chief Information Officer/Chief Risk Officer. The legal department now consists of 2 full-time lawyers who provide legal services and company secretarial support to the Group. The appointment of our Chief Information Officer/Chief Risk Officer, who on 1 July 2022 was appointed as Chief Operating Officer, was made to address cyber security and other risks, and ensure we have a best of breed technology and risk management framework in place for the Group. While both functions have increased the cost of operating a corporate office, they are partially recovered from the shared support service PPK charges other Group entities.

The demerger of PPKMEG required the Group to find alternative business systems to meet current and future needs of the Group. During the year, we commenced implementing a new general ledger and HR/payroll system, which will support the more than 20 entities and 4 separate payroll companies that make up the Group. We also implemented new systems to support our legal/company secretarial, risk management functions, and invested in new cyber security technology controls.

## Demerger of the mining services business

The Corporate office also was responsible for the demerger of the mining equipment business. While direct costs attributable to the mining equipment business were charged to them during the period, PPK did not charge for finance, legal, secretarial, information technology and other corporate costs that previously had been incurred on behalf of the mining equipment business.

## DIVIDENDS PAID OR DECLARED

Dividends paid or recommended for payment are as follows:

	Cents	\$000
Dividends paid in the year:		
2.81 cent per share special ordinary dividend, which was fully satisfied by an in specie distribution of shares in PPK Mining Equipment Group Limited (PPKMEG) <sup>(1)</sup> . PPK has received advice from its tax advisers that the special dividend should qualify as non-assessable non-exempt income for tax purposes for Australian residents.	2.81	2,509

(1) PPK also completed a tax-free return of capital of 15.11 cents per share totalling \$13,490,000. The combined effect of the above is that PPK shareholders (other than foreign shareholders) received 1 share in PPKMEG for every 1 share held in PPK.

## REVIEW OF OPERATIONS

The review of operations is outlined in the Chairman's Report set out on pages 2 to 4 and which forms part of this report.

## SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The 2022 Chairman's Report highlighted that PPK has become a technology incubation and commercialisation company with its main focus on the manufacture and sale of BNNT and as an incubator for BNNT application companies and other innovative university sourced or externally sourced science and technologies. A detailed update on these initiatives is provided in the Chairman's Report and is summarised earlier under Principal Activities.

### BNNT Manufacturing Technology

As noted earlier, BNNTTL's expansion of its manufacturing plant, the signing of a 3 year lease with two 3-year options for approximately 1,000m<sup>2</sup> at Deakin's Waurin Pond campus providing capacity for its existing production modules and, once commissioned, production capacity is expected to increase to around 500 kilograms per annum with > 95% purity. BNNTTL is now well placed to meet future BNNT demand.

### LIS IPO

During the year, PPK took LIS from PPK's first BNNT application project to our first IPO listing on the ASX on 28 September 2021.

## Directors' Report

for the year ended 30 June 2022

### White Graphene Manufacturing Technology

White Graphene is an advanced nanoscale 2D material consisting of hexagonal arrays of boron and nitrogen atoms that can be an incredibly strong tensile reinforcement in other materials. It has some of the characteristics of BNNT but can be produced at a much lower cost.

During the year, WGL completed the build of a small-scale production pilot plant, which is producing about 500g of white graphene per day, and received encouraging test results on the first two of eight application projects. PPK now has another application material in its portfolio which has demonstrated that the addition of relatively small amounts of White Graphene can significantly improve the mechanical performance of other materials thus new products that can potentially be commercialised.

### Enhancements to PPK's Corporate Support Services

PPK has increased its internal resources with the appointment of a full-time Legal Counsel and Chief Information Officer/Chief Risk Officer, the latter assuming the role of Chief Operating Officer from 1 July 2022. The legal department now consists of 2.5 full-time lawyers who provide legal services and company secretarial support to the Group. The appointment of our Chief Information Officer/Chief Risk Officer was made to address cyber security and other risks and ensure we have a best of breed technology and risk management framework in place for the Group. While both functions have increased the cost of operating a corporate office, they are partially recovered from the shared support service PPK charges other Group entities.

The demerger of PPKMEG required the Group to find alternative Enterprise Resource Planning systems to meet current and future needs of the Group. During the year, we commenced implementing a new general ledger and HR/payroll system which will support the more than 20 entities and 4 separate payroll companies that make up the Group. The systems not only provide more advanced functionality, thus improving productivity for our current corporate resources, but will reduce the risk of managing and reporting the more complex financial information that our new operating model presents. We also implemented new systems to support our legal/company secretarial and risk management functions.

### Demerger of the Mining Equipment Segment (PPKMEG)

The demerger of the mining business was completed on 29 June 2022 with PPK shareholders receiving a total return of \$0.1792 per share being a tax-free dividend of \$0.0281 per share and a return of capital of \$0.1511, which should also receive tax-free rollover relief. PPK also provided a \$2.000 million unsecured loan to assist PPKMEG with its growth aspirations and a short-term loan of \$0.600 million in July 2022 to assist financing of assets, which is secured against the inventory acquired.

### Capital Management

PPK purchased an investment property for \$4.210 million and leased the property to a subsidiary of Survivon for \$0.240 million plus ongoing costs per annum. The purchase was partially financed by a loan of \$2.250 million from a major Australian bank. The Group has no other fixed term debt to external parties.

PPK continues to provide unsecured loans to related parties with the intent the loan funds will be recovered from the profits these related parties hope to generate in the future. PPK has provided an unsecured \$2.000 million loan to PPKMEG to assist with working capital as PPKMEG was demerged from PPK.

In previous years, the Group had provided a guarantee and indemnity for a loan to PPKMEG from a major Australian bank. Subsequent to the year end, PPK assisted PPKMEG to refinance this facility and, as a result, the Group's guarantee and indemnity was terminated.

PPK continues to provide a guarantee and indemnity of approximately \$0.175 million in relation to the vehicle fleet of PPKMEG for the run-off of the existing fleet only.

### REVIEW OF FINANCIAL CONDITION

The consolidated balance sheet reflects the strength of the underlying subsidiaries and is consistent with the research and development programs that are underway. The \$53.008 million of cash is predominantly in relation to LIS due to its capital raise in September 2021, and once WGL completes its capital raise this month, all the subsidiaries will be self-funded based on their current projects and budgets.

The increase in fixed assets from \$0.530 million to \$5.439 million and intangibles and goodwill from \$1.622 million to \$37.475 million reflects the growth in the underlying subsidiaries, in particular LIS and WGL as they advance their research and development programs and move to commercialisation over the coming year or two.

The Group continues to maintain a strong balance sheet as evidenced by:

- \$53.008M of cash of which PPK has \$4.810M of cash;
- PPK has \$1.620M of managements fees owing from CIB and \$0.600M of secured loans from PPKMEG to be repaid in the next financial year;



## Directors' Report

for the year ended 30 June 2022

- PPK will receive at least \$1.278M of management fees from non-wholly owned subsidiary companies and associates for providing shared support services in the next financial year;
- PPK has strategic ownership in ASX listed companies which have a market value of approximately \$0.892M and would be available for sale, if required;
- LIS, a subsidiary which PPK owns 290.849M shares listed on the ASX on 28 September 2021. The shares are escrowed until 27 September 2023 and would be available for sale, if required;
- WGL, of which PPK owns 81.000M shares, is in the process of a capital raise at \$0.50 per share. On successful completion of the capital raise, the value of PPK's shares is \$40.500 million and they would be available for sale, if required;
- The only fixed interest debt required to be paid is \$2.250M loan secured against the property investment that a Director estimates has a value of more than \$5.500M.
- PPK has a loan of \$2.000M with PPKMEG to be repaid within two years;
- All subsidiaries will have sufficient funds to finance their planned research and development programs, once WGL completes its capital raise which is in progress;
- Current assets have increased from \$32.196M to \$55.658M and working capital has increased from \$31.306M to \$52.261M;
- Subsequent to the year end, the guarantee and indemnity provided to PPKMEG was terminated.

The Group has increased its net tangible assets per share from 72.34 cents to 81.83 cents.

### MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

#### PPK

On 1 July 2022, PPK appointed Anne-Marie Birkill as an Independent Non-Executive Director of the Company.

On 14 July 2022, PPK loaned \$0.600M to PPKMEG for a period of 12 months at 8.0% interest. The loan is secured against inventory of mining equipment assets purchased from a competitor in the mining equipment industry.

In August 2022, PPK made an advance facility of up to \$1.000 million should WGL require the funds. The facility remains open for a period of one year or upon WGL completing a capital raise of a minimum of \$3.575M, whichever is earlier.

PPK has invested \$0.335M in AMAG's equity, loaned \$0.125M to Survivon and \$0.015M to Precious Metals.

On 2 August 2022, Survivon assigned the debt owing to PPK of \$0.645M and the debt owing to the other shareholder of \$0.083M to MI. Survivon then completed a selective share buyback from its shareholders with both shareholders selling 100% of its shareholding to Survivon. PPK received \$0.864M for its interest in Survivon and used these funds to acquire 91% of the shares in MI from Survivon. The shareholders then terminated the Shareholder Agreement on the same date.

The summarised financial information of MI is provided below. This information is based on provisional management information and is before inter-company and consolidation eliminations.

Summarised Statement of Financial Position	\$000
<b>Assets</b>	
Cash	16
Inventories	513
Other current assets	42
Plant and equipment	489
Security deposit	60
<b>Total assets</b>	<b>1,120</b>
<b>Liabilities</b>	
Trade and other payables	456
Provisions and lease liabilities	26
<b>Total liabilities</b>	<b>484</b>
<b>Total identifiable net assets</b>	<b>638</b>

MI will be consolidated from 2 August 2022, being the date of the acquisition. The acquisition accounting for the

## Directors' Report

for the year ended 30 June 2022

business combination is provisional financial information and will be disclosed at the half year.

In August 2022, PPKMEG restructured its \$4.000M finance facility from a major Australian bank and the guarantee and indemnity previously provided by the Group was terminated.

### LIS

On 14 July 2022, LIS loaned \$1.400M to PPK Mining Equipment Group (PPKMEG) for a period of 12 months at 8.0% interest. The loan is secured against a property in Mt Thorley, NSW which was independently valued at \$2.000M.

### WGL

On 21 July 2022, WGL approved a 1 for 2 bonus issue and, on completion of the bonus issue, it approved a capital raise of a minimum of \$3.575M and a maximum of \$8.575M at \$0.50 per share with the issuance of between 7.150M to 17.150M shares.

On 3 August 2022, WGL incorporated a 100% subsidiary called WGL Plans Pty Ltd which will be the trustee for the WGL long term incentive plan. On 9 August 2022, WGL issued 1,000,000 WGL fully paid ordinary shares to WGL Plans Pty Ltd which resulted in WGL having 92.900M shares issued. On the same day it completed the 1 for 2 bonus issue resulting in an increase of 46.450M shares issued for a total number of shares on issue to 139.350M. At the time the Directors have signed off on this report, the capital raise is in progress.

In August 2022, PPK made an advance facility of up to \$1.000M should WGL require the funds. The facility remains open for a period of one year or upon WGL completing its capital raise, whichever is earlier.

There have been no other matter or circumstance that has arisen since the end of the financial period which is not otherwise dealt with in this report or in the Financial Statements that has significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

### FUTURE DEVELOPMENTS

The likely developments in the operations of PPK and the expected results of those operations in financial years subsequent to the year ended 30 June 2022 are included in the Chairman's Report set out on pages 2 to 4 and which forms part of this report.

### ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

PPK remains committed to:

- the effective management of environmental issues having the potential to impact on its remaining business; and
- minimising the consumption of resources utilised by its operations.

The Group has otherwise complied with all government legislation and regulations with respect to disposal of waste and other materials and has not received any notices of breach of environmental laws and/or regulations. PPK's approach to environmental sustainability is outlined in its Environmental Policy at [www.ppkgroup.com.au](http://www.ppkgroup.com.au).

PPK is pleased to set out its inaugural sustainability report.

Visibility of environment, social and governance metrics is becoming of ever increasing importance to investors and stakeholders. PPK welcomes the opportunity to contribute to these discussions and sets out the key measurements against which it has assessed its performance in the 2021/2022 financial year. The Company envisages that this inaugural report will set the baseline against which further future improvements can be measured.

For clarity, given the extraordinary general meeting held on 31 May 2022 in respect of the proposed demerger of PPK Mining Equipment Group Limited, PPK Group has made the decision to exclude the mining services businesses from the scope of this report.

#### Environmental

PPK operates from one Brisbane head office with a small direct environmental footprint. The Company's current environmental focus is on minimising energy consumption and non-essential business travel.

## Directors' Report

for the year ended 30 June 2022

### Lowering climate change and carbon emissions

PPK is committed to continually reducing our on-premise energy consumption by:

- using cloud technology for our information and platform services where practical;
- using Microsoft Azure as our platform partner and seeking other services we can use from Microsoft. Microsoft has been carbon neutral since 2012 and is committed to becoming carbon negative by 2030; and
- leasing office space in a building with a 5-star NABERS (excellent) energy rating for energy, water, waste, and indoor environment and 5-star green star rating.

The Group is committed to reducing emissions associated with our business travel by:

- booking online meetings where practical and possible. Where travel is necessary, we combine meetings and extend the time away so that more can be achieved to avoid repetitive trips; and
- providing flexibility for our employees to work from home where business needs allow. While this was originally initiated as part of our COVID-19 response, we have continued the practice which we consider is likely to have had the effect of reducing carbon emissions from employees commuting to/from the office.

### Waste management

PPK is committed to further improving our recycling methods by:

- recycling paper, cardboard, glass, hard plastic, aluminium and tin cans through the services provided by our landlord;
- recycling IT equipment and printer cartridges using recycling companies that seek to recycle responsibly; and
- re-using IT equipment and parts, where possible.

### Deakin University's Waurn Ponds Campus

The Group seeks to ensure that its important business relationships are with partners that have sustainability plans in place, where practical. One of PPK's key relationships is with Deakin University, particularly the Waurn Ponds Campus in Geelong, Victoria where the group operates a number of its BNNT and White Graphene application projects at the laboratory and manufacturing facilities.

The campus was established as a 'living laboratory' for sustainable development and has a number of commitments to be achieved by 2025 for procurement and supply, travel and transport, energy and emissions, waste management, water, built environment and natural environment. For example, Deakin University are working to achieve carbon neutrality with 100% of its electricity supply coming from renewable sources. All strategic suppliers will also need to meet Deakin's sustainable procurement principles.

### Social

PPK seeks to attract, employ, and retain people with a diverse background of culture, gender, experience, and intellect. Our business model requires people to be agile, curious and roll their sleeves up to work together to get the job done.

**Diversity, inclusion, and equality** – our objective is to promote equal employment opportunities and increase female representation across the group, including at the board level.

This year PPK:

- Reviewed salary equity
- Female representation of > 45% of all employees

Next year PPK will:

- Review of employee policies and values
- 25% female representation on the board

**Thriving people** – our objective is to ensure people can perform to their potential and we manage the employee performance lifecycle

This year PPK:

- Integrated people risks into the risk management process and reports to board
- Introduced flexible working arrangements

## Directors' Report

for the year ended 30 June 2022

Next year PPK will:

- Implement a HR information system to record and manage performance objectives, talent and succession planning
- Support staff ongoing development

**Strengthen cyber foundations** - we acknowledge the cyber threat landscape is ever changing and we have a responsibility to educate and protect our people, partners and data.

This year PPK:

- Renewed focus on our cyber insurance policy
- External cyber penetration test and intelligence report
- Implemented Mimecast for email phishing protection
- Leveraged Yammer to share cyber insights, examples, hints and tips

Next year PPK will:

- Deploy new endpoint and cloud protection solutions
- Implement data loss prevention controls
- Internal awareness campaign and phishing test
- Work with key third party suppliers on how we share cyber insights and processes

### Governance

The Company has structured its approach to corporate governance around the principles of ensuring effective contributions by the Board and its sub-committees that add value.

### Risk

In late 2021, as part of an annual review of its risk management framework, PPK made the strategic decision to invest in building an internal risk function for the Group to categorise, manage and mitigate risks across the company and its investments.

The arrival of Mr Fenton has been a critical addition to the company's capabilities in connection with a periodic review and update of the risk oversight and management framework. In January 2022, the Board resolved to expand the existing audit committee to encompass audit and risk and an updated charter was made available on the company's website. The expanded audit and risk committee held its first meeting in February 2022, with further meetings currently scheduled on a quarterly basis.

PPK purchased a market leading Software-as-a-Service risk platform aligned to the ISO 31000 framework. The platform provides a single integrated view of risk with heatmaps, control library and action tracking and our risk management and framework is being implemented across the Group.

The Group is currently in the process of defining and assessing the inherent and residual risk profile with a focus on significant business risks as the Group continues its strategic transformation with the exit of the Mining Equipment business and the continued focus on technology. A comprehensive account of the investment entity businesses has been provided in this report.

### Remuneration

PPK Group retains its historical commitment to fair and responsible remuneration practices sufficient to attract, retain and motivate suitably qualified individuals. In January 2022, the Board resolved to establish a Remuneration and Nomination Committee chaired by a non-executive director (Mr McDonald) who is not the chair of the Board.

The Remuneration and Nomination committee is empowered under its charter to bring independent judgement to all remuneration decisions, in particular remuneration packages, short-term incentives and long-term incentives. The charter is available on the company's website.

### Board refresh

The demerger of the mining services business and the resignation of Mr McNamara has provided the opportunity for a re-examination of the structure, skills, size and composition of the company's Board. With input and advice from the Remuneration and Nomination Committee, the Executive Chairman oversaw an exhaustive search of qualified candidates. A board skills matrix was used to assist with this process, as well as considerations of gender diversity in succession planning, resulting in the appointment of an experienced and highly qualified candidate.

## Directors' Report

for the year ended 30 June 2022

The Board believes that Ms Birkill will provide invaluable input into the work of the Board and its sub-committees. The Company used this appointment as an opportunity to review and refresh its process for onboarding and inducting new directors. The appointment of Ms Birkill brings the female composition of the Board to 25%, being still slightly below the company's stated target of 30% pursuant to the ASX Corporate Governance Principles and Recommendations.

The Company anticipates that many of the above improvement to governance structures will be rolled out across its portfolio of investee companies over the coming years.

### PROCEEDINGS ON BEHALF OF COMPANY

The Company is defending a claim in the Supreme Court of NSW in relation to a dispute pertaining to the vesting conditions of a business acquired in 2014 with a vendor employee for the issue of a second tranche of \$0.500M of shares plus interest and costs. As advised in the previous Annual Reports, the Company does not believe the vesting conditions were met and still maintains this position. The Company has incurred \$0.839M this financial year to defend this position.

No other matter or circumstance has arisen which is not otherwise dealt with in this Annual Report that has significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations or the state of the consolidated entity in subsequent years.

### REMUNERATION REPORT (AUDITED)

The Directors of PPK present the Remuneration Report for non-executive directors, executive directors and other key management personnel, prepared in accordance with the *Corporations Act 2001* and the *Corporations Regulations 2001*. The Directors have determined that they and the Chief Financial Officer are the key management personnel.

#### Remuneration Policy

The remuneration policy of the Company is designed to align directors', executives' and senior managers' objectives and performance with shareholder and business results by providing a fixed remuneration component and offering specific Short Term Incentives (STIs) based on key performance indicators affecting PPK's financial results and Long Term Incentives (LTIs) based on vesting conditions designed to measure enhancement of PPK's shareholders' value. The Board reviewed the existing remuneration policy and adopted amendments and updates in December 2021.

The PPK Board believes the revised remuneration policy to be appropriate and effective in its ability to attract, retain and motivate directors, executives and senior managers of high quality and standard to manage the affairs of the Group, as well as create goal congruence between directors, executives, senior managers and shareholders.

The Company sought advice from a remuneration consultant namely Denis Godfrey of Godfrey Remuneration Group (**GRG**) in September 2021 concerning the structure of a new long-term incentive plan. That plan was put to the shareholders of the Company at the AGM in November 2021. The advice included guidance on the advantages and disadvantages of certain structures, along with observations on common vesting conditions.

On 29 June 2022, the Company purchased a copy of the 2022 GRG KMP Remuneration Guide to assist the Remuneration and Nomination Committee in the salary review cycle for key management personnel.

The combined expenditure by the Company on this advice was \$23,500 (ex GST).

The Remuneration and Nomination Committee was established on 21 December 2021 and acts as the primary safeguard to ensure proper governance on remuneration matters, including an absence of undue influence by members of the key management personnel. The General Counsel undertook certain preparatory work on the long-term incentive plan in connection with the AGM prior to the establishment of this committee. The Company managed this situation in two ways. Firstly, the General Counsel acted in consultation with a Non-Executive Director during these preliminary discussions with a focus on the structural information required for the upcoming AGM. Secondly, the Company deferred adoption of the long-term incentive plan and the resultant grant of performance rights until after the establishment of the Remuneration and Nomination Committee, namely until March 2022. For these reasons, the Board has determined that the advice provided by GRG was made free from undue influence.

The policy for determining the nature and amount of remuneration for board members, executives and senior managers of the consolidated entity is detailed in the paragraphs which follow.

Remuneration of non-executive directors is recommended by the Remuneration & Nomination Committee and approved by the Board from the maximum amount available for distribution to the non-executive directors as approved by shareholders. Currently this amount is set at \$0.800M per annum in aggregate as approved by shareholders at the Annual General Meeting on 30 November 2021.

In determining the appropriate level of directors' fees, data from surveys undertaken of other public companies similar in size or market section to the Company is taken into account.

## Directors' Report

for the year ended 30 June 2022

Non-executive directors are remunerated by means of cash benefits. They are not entitled to participate in performance based remuneration practices unless approved by shareholders. The Company will not generally use options as a means of remuneration for non-executive directors and will continue to remunerate those directors by means of cash benefits. PPK does not provide retirement benefits for its non-executive directors. Executive directors do not receive director's fees.

The Remuneration & Nomination Committee is responsible for approving remuneration policies and packages applicable to executive directors, executives and senior managers of the Company. The broad remuneration policy is to ensure that the remuneration package properly reflects the person's duties and responsibilities and that the remuneration is competitive in attracting, retaining and motivating people of high quality and standard.

A review of the compensation arrangements for executive directors, executives and managers is conducted by the Remuneration & Nomination Committee. The committee will seek feedback from executives on the compensation arrangements for managers where appropriate to do so. The committee will also seek independent advice from a third party remuneration consultant where the committee believes it to be necessary.

The Remuneration & Nomination Committee was established in December 2021. The committee will conduct its review annually between June and September based on established criteria which includes:

- the individual's performance;
- reference to market data for broadly comparable positions or skill sets in similar organisations or industry;
- the performance of the Group during the relevant period; and
- the broad remuneration policy of the Group.

Executive directors, executives and senior managers may receive bonuses and/or fees based on the achievement of specific goals of the consolidated entity.

### Company Performance and Shareholder Wealth for Executive and Senior Managers Remuneration

The two methods employed in achieving this aim are:

#### Short Term Incentives

PPK has an STI program in place which is paid as salary and superannuation above their normal contracts and aligned with key performance indicators (KPIs) as recommended by the Remuneration and Nomination Committee and adopted by the board. The KPIs are developed from the strategic and operating plans and are chosen to reflect the core drivers of short-term performance and delivery of sustainable value to the Company, its shareholders and its customers. Participation in the STI is considered on an annual basis. Any STI awards are ordinarily paid in September or October reflecting performance in the previous financial year. Any STI awards to participants that join the company mid-year will be appropriately pro-rated.

#### Long Term Incentives (LTI)

PPK has reviewed and modified its LTI Plan consistent with the change in its business strategy and the role in which it performs going forward. The new plan is called the Executive Rights Plan. The Executive Rights Plan was approved by shareholders at the annual general meeting held in November 2021.

#### Executive Rights Plan

The Remuneration & Nomination Committee will, on an annual basis, make recommendations to the Board on who should be offered Performance Rights, the number of Performance Rights to be offered and the vesting conditions that should attach to each Performance Right. The Board will consider those recommendations and seek further information as required.

As disclosed in the 2021 notice of meeting, for this financial year only, there were two tranches issued; being a Special Catch-Up Grant of Performance Rights and the ordinary FY22 Performance Rights. The two tranches reflect a one-off situation arising out of the move from a so-called 'cliff-edge' structure to a 'rolling' structure. Thereafter, grants of Performance Rights will only occur once each financial year. The terms and conditions of each Performance Right are identical except for the Measurement Period. A summary follows:

<b>Plan Structure</b>	The Executive Rights Plan is managed by a Trust. The Board has appointed PPK Plans 2 Pty Ltd as the Trustee.
<b>Term</b>	Each Right has a Term of 15 years and, if not exercised within that Term the Rights will lapse.
<b>Performance Rights</b>	Each vested Right can be exercised for one share in PPK Group Limited.

# Directors' Report

for the year ended 30 June 2022

<b>Measurement Period</b>	<p>The Measurement Period for the Special Catch-Up Grant is a period of 2 years ending on 30 June 2023.</p> <p>The Measurement Period for the FY22 Performance Rights is a period of 3 years from 1 July 2021. All future grants of Performance Rights under the Executive Rights Plan will have a 3 year measurement period.</p>								
<b>Vesting Conditions</b>	<p>The nature and weighting of the vesting conditions are broadly consistent for each Participant but are tailored for the role that each Participant performs. The Remuneration and Nomination Committee will use their judgement to assess and recommend to the Board whether the vesting conditions have been met. As disclosed in the 2021 notice of meeting, the company will move from internal measurements to a blend of internal and external measurements.</p> <p>The internal measurements used for the Special Catch-Up Grant and the FY22 Performance Rights grant are as follows:</p> <table> <thead> <tr> <th>Nature</th> <th>Weighting</th> </tr> </thead> <tbody> <tr> <td>Strategic Goals</td> <td>40%</td> </tr> <tr> <td>Operational Goals</td> <td>40%</td> </tr> <tr> <td>ESG Goals</td> <td>20%</td> </tr> </tbody> </table> <p>The Remuneration and Nomination Committee has recommended to the Board that any FY23 grants of Performance Rights contain an external 'total shareholder return' metric and the Board currently expects this to be the case for all grants going forward.</p>	Nature	Weighting	Strategic Goals	40%	Operational Goals	40%	ESG Goals	20%
Nature	Weighting								
Strategic Goals	40%								
Operational Goals	40%								
ESG Goals	20%								
<b>Gates</b>	No Gates have been attached to these Tranches of Rights.								
<b>Vesting and Vesting Date</b>	Rights will typically vest following the completion of the Measurement Period based on an assessment of the Vesting Conditions, however Rights may vest before the end of the Measurement Period in some limited circumstances.								
<b>Exercise Restrictions</b>	No Exercise Restrictions have been attached to these Tranches of Rights.								
<b>Disposal Restrictions</b>	<p>Rights may not be disposed of at any time but they may be exercised following vesting.</p> <p>No additional Restrictions have been attached to the Shares that may be acquired when vested Rights are exercised. Thus, the Disposal Restrictions that apply to the Shares will arise from the Company's Securities Trading Policy and the insider trading provisions of the Corporations Act.</p>								
<b>Exercise and Exercise Price</b>	<p>The Exercise Price is nil (no amount needs to be paid by the Participant in order to exercise the Rights).</p> <p>Vested Rights may be exercised at any time after the Vesting Date and before the end of their Term. In order to exercise vested Rights, a Participant must validly submit an Exercise Notice.</p> <p>On exercise of Vested Rights, the Board will issue a Settlement Notice and ensure that there are a sufficient number of Shares available to satisfy the exercised Rights. The Board will not settle the exercised Performance Rights in cash, in whole or in part.</p>								
<b>Termination of Employment</b>	<p>If a Participant's employment with the Company ceased during FY22, the FY22 Performance Rights would have been forfeited in the proportion that the remainder of the FY22 bears to the full FY22. If a Participant's employment ceases prior to 30 June 2023, all Special Catch-Up rights are forfeited in full.</p> <p>Remaining unvested Rights will be retained by the Participant, subject to the Malus and Clawback provisions, with a view to testing for possible vesting having regard to performance during the Measurement Period up to the date of cessation of employment. The Remuneration and Nomination Committee will be convened to consider any such off-cycle assessment of vesting conditions.</p> <p>Vested Rights held following a termination of employment will be exercised pursuant to a Power of Attorney, if not exercised earlier, 90 days after the date on which the Participant holds only vested Rights which are not subject to Exercise Restrictions.</p>								

## Directors' Report

for the year ended 30 June 2022

**Malus and Clawback** Rights may be forfeited at any time, including during and subsequent to a Participant's employment with the Company, should the Malus and Clawback provisions come into play.

**No Hedging** Participants must not enter into an arrangement with anyone if it would have the effect of limiting their exposure to risk in relation to Rights (vested or unvested) or Restricted Shares. This is a Corporations Act requirement.

**Change of Control** If a de-listing is imminent

Vesting will automatically occur at the level derived from application of the following formula:

$$\frac{\text{Number of Performance Rights in Tranche to Vest} \times \text{Unvested Performance Rights in Tranche} \times \% \text{ of First Year of Measurement Period Elapsed} \times (\text{Share Price at Effective Date} - \text{Share Price at Measurement Period Commencement})}{\text{Share Price at Measurement Period Commencement}}$$

Additional vesting will occur to the extent, if any, determined by the Board and any remaining unvested Rights will lapse; and

Restricted Shares will cease to be subject to Specified Disposal Restrictions, and any CHES holding locks will be removed if applicable, unless otherwise determined by the Board.

In other cases of a change of control the Rights will remain on foot, subject to possible modification of Vesting Conditions, for testing for vesting at the end of the Measurement Period.

As at 30 June 2022, the Trust for PPK Plans 2 Pty Ltd held nil shares in PPK to satisfy the 144,210 unvested performance rights under the Executive Rights Plan.

### Previous LTI Plan

For the previous financial year, PPK had an LTI in place which is managed as a Trust on behalf of two directors, an executive and senior managers of PPK. The Directors determined who were offered Performance Rights, which can be converted to PPK shares on a one-for-one basis subject to the PPK share price meeting set price targets and the executive director and employees continuing their employment to the vesting date. The LTI was approved by shareholders at the Annual General Meeting on 27 November 2018.

PPK can issue shares to the Trustee or fund the purchase of PPK shares, in the open market, on behalf of the Trustee. Once this occurs, the Trustee will hold the PPK shares on behalf of the participants until such time that the vesting conditions for Performance Rights are met. Once the vesting conditions are met, the participants can apply via an exercise notice to have the shares sold or transferred to the applicable participant.

All performance and vesting conditions were met on 1 July 2021 and all performance rights were vested.

Two directors, D McNamara and A McDonald, participated in the LTI on the same terms and conditions as the Executives and Senior Managers. D McNamara was offered 400,000 performance rights with 100,000 performance rights vesting in Tranche 1 through to Tranche 4 subject to retention of his services to meet the vesting conditions. The performance rights were approved by the shareholders at the Annual General Meeting on 27 November 2018.

A McDonald was offered 50,000 performance rights due to the time and services provided in connection with the BNNTTL acquisition and its subsequent development and advancement and this was approved by the shareholders at the Annual General Meeting on 26 November 2019. The performance rights vest in four equal tranches of 12,500 at the same dates as the existing performance rights, subject to retention of his services to meet the vesting conditions.

All performance and vesting conditions for D McNamara and A McDonald were met on 1 July 2021 and all performance rights were vested. D McNamara exercised his performance rights during the year.

As at 30 June 2022, the Trust held 0.090M shares in PPK to satisfy the 0.090M relevant vested performance rights. The Directors have determined PPK will not consolidate the Trust with the entities of PPK as the Trust is for the benefit of the Participants and PPK does not control the Trust.



## Directors' Report

for the year ended 30 June 2022

### Li-S Energy Directors

R Levison and T McDonald participate in the Li-S Energy Non-Executive Director (NED) Equity Plan. Both Directors have sacrificed their director fees of \$80,000 per annum over a three-year period and were granted 160,000 Service Rights per year over a three year period. The Service Rights were issued as at 1 May 2021 and will vest in three equal tranches on 30 April 2022, 2023 and 2024, providing the NED holds the office of NED on those dates. Each consecutive tranche commences annually on the vesting date of the prior tranche.

The number of Service Rights were calculated by dividing the amount of sacrificed fees by the Share price of \$0.50 per Share being the price at which Shares were issued in the April 2021 capital raise. The fair value of these Service Rights at the time that they were granted have been independently valued at \$0.50 each. There is no amount payable other than the sacrificed fees for the Service Rights.

Each Service Right is an entitlement, upon vesting and exercise, to an ordinary fully paid Share in the Company. Service Rights may not be disposed of at any time except by force of law such as on death and Service Rights may not be exercised prior to vesting but may be exercised at any time once they have vested but must be exercised within 90 days of cessation of holding the office of NED and any role as an employee of the Company.

Each Service Right has a term ending 15 years after the grant date. If not exercised before the end of their term the Service Rights will lapse. The term will be reduced if vested Service Rights are not exercised as required following cessation of being a NED. If a NED ceased to hold the office of a NED during a tranche then Service Rights for that tranche will vest in proportion to the time elapsed as served in the tranche. All subsequent tranches will lapse.

Any unvested Service Rights that do not vest will lapse.

A NED must not enter into an arrangement with anyone if it would have the effect of limiting their exposure to risk in relation to Service Rights (vested or unvested).

If the Board forms the view that a NED has committed an act of fraud, defalcation or gross misconduct in relation to the Company then all unexercised Service Rights will be forfeited.

### Consequences of company performance on shareholder wealth

	2022	2021	2020	2019	2018
Net profit (loss) after tax (\$000)	(\$2,564)	(\$5,479)	\$8,254	\$1,800	(\$1,561)
Earnings per share (cents)	(8.0)	(6.4)	9.8	2.6	(2.3)
Full year ordinary dividends (cents) per share	2.81	3.5	2.0	1.0	-
Year end share price	\$2.04	\$15.95	\$3.11	\$2.77	\$0.30
Shareholder return (annual)	-86%	414%	13%	823%	50%

The above table shows the annual returns to shareholders calculated to include the difference in percentage terms between the dividend yield for the year (based on the average share price during the period) and changes in the price at which shares in the Company are traded between the beginning and the end of the relevant financial year.

## Directors' Report

for the year ended 30 June 2022

### Remuneration Details for the year ended 30 June 2022 for Directors' and Key Management Personnel

Details of the nature and amount of each element of the remuneration of each director and key management personnel ('KMP') of PPK Group Limited are shown in the table below:

2022	Short Term Benefits			Post-employment Super-annuation (\$)	Long Term Benefits (\$)	Termination Payments (\$)	<sup>(1)</sup> Share Based Payments (\$)	Total (\$)	Performance Related %
	Salary & Fees (\$)	Cash Bonus (\$)	Non-Monetary (\$)						
<b>Directors</b>									
<i>Non-Executive</i>									
<b>A McDonald</b>	75,000	-	-	-	-	-	-	75,000	-
<i>Executive</i>									
<b>R Levison</b>	211,883	-	-	27,500	-	-	-	239,383	-
<b>G Molloy</b>	240,000	-	-	-	-	-	-	240,000	-
<b>D McNamara<sup>(2)</sup></b>	200,000	-	-	-	-	-	-	200,000	-
<b>Total Directors</b>	<b>726,883</b>	<b>-</b>	<b>-</b>	<b>27,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>754,383</b>	<b>-</b>
<b>Other KMP</b>									
<b>K Hostland<sup>(3)</sup></b>	406,250	260,000	-	27,500	-	-	275,900	969,650	55
<b>Total Other</b>	<b>406,250</b>	<b>260,000</b>	<b>-</b>	<b>27,500</b>	<b>-</b>	<b>-</b>	<b>275,900</b>	<b>969,650</b>	<b>55</b>
<b>Total KMP</b>	<b>1,133,133</b>	<b>260,000</b>	<b>-</b>	<b>55,000</b>	<b>-</b>	<b>-</b>	<b>275,900</b>	<b>1,724,033</b>	<b>31</b>

(1) All equity settled share-based payments for the LTI Plan fully vested on 1 July 2021. K Hostland also participates in the Executive Rights Plan and received 34,704 performance rights in both the Special Catch-Up Grant and the FY Performance Rights.

(2) D McNamara also has use of a fully maintained motor vehicle.

(3) The cash bonus includes a bonus from PPK of \$160,000 for the 2021 financial year and \$100,000 paid by WGL to PPK this financial year for his involvement in a pre-IPO process.

The above table presents the Directors and key management personnel of PPK and the amounts they have been remunerated in respect of their management of the Group.

For clarity, the \$260,000 cash bonus for K Hostland includes the \$100,000 shown in the White Graphene remuneration table. Amounts are not included in the table above for other KMPs that are shown in the White Graphene table on the basis that payments to A McDonald, R Levison and G Molloy were paid directly to them by White Graphene whereas the payment to K Hostland was paid to PPK who then paid K Hostland.

## Directors' Report

for the year ended 30 June 2022

Directors and key management personnel were also remunerated by Li-S Energy and White Graphene for the year ended 30 June 2022 as follows, in addition to the above table:

2022	Short Term Benefits			Post-employment Super-annuation (\$)	Long Term Benefits (\$)	Termination Payments (\$)	<sup>(1)</sup> Share Based Payments (\$)	Total (\$)	Performance Related %
	Salary & Fees (\$)	Cash Bonus (\$)	Non-Monetary (\$)						
<b>Li-S ENERGY LIMITED</b>									
<b>Directors</b>									
<i>Non-Executive</i>									
R Levison	-	-	-	-	-	-	157,122	157,122	-
A McDonald	-	-	-	-	-	-	157,122	157,122	-
<b>Total Directors</b>	-	-	-	-	-	-	<b>314,244</b>	<b>314,244</b>	-
<b>Other KMP</b>									
G Molloy <sup>(2)</sup>	196,000	-	-	-	-	-	-	196,000	-
K Hostland <sup>(3)</sup>	-	-	-	-	-	-	-	-	-
<b>Total Other</b>	<b>196,000</b>	-	-	-	-	-	-	<b>196,000</b>	-
<b>Total KMP</b>	<b>196,000</b>	-	-	-	-	-	<b>314,244</b>	<b>510,244</b>	-

(1) Equity settled share based payments. Each tranche of the service rights granted are expensed over the vesting period from the date of granting to the date that the last tranche vests resulting in a proportionally larger expense recognised in the earlier years. Share based payments for directors are not performance related but are in lieu of salary and fees.

(2) Remunerated through a consulting agreement on 12 June 2021 at an agreed hourly rate for work undertaken on behalf of LIS

(3) Remunerated by PPK Group Limited

2022	Short Term Benefits			Post-employment Super-annuation (\$)	Long Term Benefits (\$)	Termination Payments (\$)	<sup>(1)</sup> Share Based Payments (\$)	Total (\$)	Performance Related %
	Salary & Fees (\$)	Cash Bonus (\$)	Non-Monetary (\$)						
<b>WHITE GRAPHENE LIMITED</b>									
<b>Directors</b>									
R Levison	20,000	100,000	-	-	-	-	-	120,000	83
G Molloy	20,000	400,000	-	-	-	-	-	420,000	95
A McDonald	20,000	100,000	-	-	-	-	-	120,000	83
<b>Total Directors</b>	<b>60,000</b>	<b>600,000</b>	-	-	-	-	-	<b>660,000</b>	
<b>Other KMP</b>									
K Hostland	-	100,000	-	-	-	-	-	100,000	100
<b>Total Other</b>	<b>-</b>	<b>100,000</b>	-	-	-	-	-	<b>100,000</b>	
<b>Total KMP</b>	<b>60,000</b>	<b>700,000</b>	-	-	-	-	-	<b>760,000</b>	

(1) The cash bonus was for services provided during the reporting period by each KMP working extended hours in connection with their involvement in a pre IPO process which fall outside their normal roles and duties. The KMPs reinvested the cash bonus into the capital raise in the year and the payments are included in professional fees in the statement of profit or loss and other comprehensive income. The IPO was deferred due to changes in investment markets this calendar year.

Directors and key management personnel also provided services to the other subsidiary companies, the associated companies and the joint venture for which they were not remunerated.

## Directors' Report

for the year ended 30 June 2022

### Remuneration Details for the year ended 30 June 2021 for Directors' and Key Management Personnel

Details of the nature and amount of each element of the remuneration of each director and key management personnel ('KMP') of PPK Group Limited are shown in the table below:

2021	Short Term Benefits			Post-employment Super-annuation (\$)	Long Term Benefits (\$)	Termination Payments (\$)	<sup>(1)</sup> Share Based Payments (\$)	Total (\$)	Performance Related %
	Salary & Fees (\$)	Cash Bonus (\$)	Non-Monetary (\$)						
<b>Directors</b>									
<i>Non-Executive</i>									
<b>A McDonald</b>	50,000	-	-	-	-	-	88,057	138,057	64
<b>G Webb</b>	43,333	-	-	-	-	-	-	43,333	-
<i>Executive</i>									
<b>R Levison</b>	215,000	-	-	25,000	-	-	-	240,000	-
<b>G Molloy</b>	240,000	-	-	-	-	-	-	240,000	-
<b>D McNamara<sup>(2)</sup></b>	200,000	-	-	-	-	-	70,701	270,701	26
<b>Total Directors</b>	<b>748,333</b>	<b>-</b>	<b>-</b>	<b>25,000</b>	<b>-</b>	<b>-</b>	<b>158,758</b>	<b>932,091</b>	<b>-</b>
<b>Other KMP</b>									
<b>K Hostland<sup>(3)</sup></b>	325,000	150,000	-	25,000	-	-	56,561	556,561	37
<b>Total Other</b>	<b>325,000</b>	<b>150,000</b>	<b>-</b>	<b>25,000</b>	<b>-</b>	<b>-</b>	<b>56,561</b>	<b>556,561</b>	<b>-</b>
<b>Total KMP</b>									
	<b>1,073,333</b>	<b>150,000</b>	<b>-</b>	<b>50,000</b>	<b>-</b>	<b>-</b>	<b>215,319</b>	<b>1,488,652</b>	<b>-</b>

(1) Equity settled share based payments. Performance rights granted are expensed over the performance period, which includes the year to which the bonus relates and the subsequent vesting period of rights. All performance rights fully vested on 1 July 2021.

(2) D McNamara also has use of a fully maintained motor vehicle.

(3) The cash bonus relates to the 2020 financial year.

The above table presents the Directors and key management personnel of PPK and the amounts they have been remunerated in respect of their management of the Group.

## Directors' Report

for the year ended 30 June 2022

Directors and key management personnel were also remunerated by Li-S Energy and White Graphene for the year ended 30 June 2021 as follows, in addition to the above table:

2021	Salary & Fees (\$)	Short Term Benefits (5)Cash Bonus (\$)	Non-Monetary (\$)	Post-employment Super-annuation (\$)	Long Term Benefits (\$)	Termination Payments (\$)	(4)Share Based Payments (\$)	Total (\$)	Performance Related %
<b>LI-S ENERGY LIMITED</b>									
R Levison	16,667	100,000	-	-	-	-	24,444	141,111	71
G Molloy	16,667	400,000	-	-	-	-	-	416,667	96
A McDonald	16,667	200,000	-	-	-	-	24,444	241,111	83
K Hostland	-	100,000	-	-	-	-	-	100,000	100
	50,001	800,000	-	-	-	-	48,888	898,889	
<b>WHITE GRAPHENE LIMITED</b>									
R Levison	16,667	-	-	-	-	-	-	16,667	-
G Molloy	16,667	-	-	-	-	-	-	16,667	-
A McDonald	16,667	-	-	-	-	-	-	16,667	-
	50,001	-	-	-	-	-	-	50,001	-

(4) Equity settled share based payments. Service rights granted are expensed over the vesting period from the date of granting to the date that the last tranche vests.

(5) The cash bonus was for services provided by each individual for working extended hours in connection with the preparation of and involvement in the IPO processes and the pre-IPO capital raise, including performing market research, attending additional meetings, prospectus drafting and other related activities which fall outside

### Performance Income as a Proportion of Total Remuneration

In FY22, K Hostland received an STI award of \$160,000 for work undertaken prior to 30 June 2021 (FY21: \$150,000) from PPK and a bonus of \$100,000 from WGL in connection for his involvement in the pre-IPO process undertaken by WGL during the year. The WGL bonus was paid to PPK who then paid it directly to K Hostland who reinvested the bonus into the WGL capital raise. The PPK STI was based on an assessment of annual performance, for achieving targets noted below as set by the Directors for the 2022 financial year representing 92% of his targets. No other bonuses were paid by PPK to Key Management Personnel during the year.

Targets	Results	STI Allocation	Outcome
Performance of Technology ventures	Achieved at Board's discretion	20%	80%
LIS IPO and additional responsibilities	Achieved at Board's discretion	80%	95%

## Directors' Report

for the year ended 30 June 2022

### Employment Agreements

#### R Levison

A consultancy agreement is in place between the parties on the following terms:

Term: Commencing on 1 October 2013 – no fixed term.

Remuneration: Base remuneration under the agreement is \$240,000 per annum.

Duties: Executive Chairman for this financial year.

Termination: The agreement may be terminated at any time by PPK Group Limited giving not less than 12 months written notice or by Mr Levison giving not less than 6 months written notice.

#### G Molloy

A consultancy agreement is in place between the parties on the following terms:

Term: Commencing on 1 July 2019 – no fixed term.

Remuneration: Base remuneration under the agreement is \$240,000 per annum.

Duties: Executive Director.

Termination: The agreement may be terminated at any time by PPK Group Limited giving not less than 12 months written notice or by Mr Molloy giving not less than 6 months written notice.

G Molloy also has a consultancy agreement with Li-S Energy (see Note 35.1).

#### D McNamara

A consultancy agreement was in place between the parties on the following terms:

Term: Commencing on 1 April 2014 – no fixed term.

Remuneration: Base remuneration under the agreement is \$200,000 per annum plus a fully maintained motor vehicle.

Duties: Director of Global Mining.

Termination: Mr McNamara terminated the agreement and left the employment of the Company on 9 June 2022.

#### K Hostland

Employment agreement is in place between the parties on the following terms:

Term: Commenced 1 June 2016 – no fixed term.

Remuneration: Base remuneration of \$450,000 per annum was changed effective 1 September 2021. He also participates in the STI, where he can receive a maximum bonus of 50% of his total base salary for meeting key performance indicators set by the Directors, and the LTI.

Duties: Chief Financial Officer

Termination: The agreement may be terminated at any time by either party giving 6 months written notice.

There are no formal employment agreements in place for A McDonald or A Birkill.

# Directors' Report

for the year ended 30 June 2022

## Shareholdings and Rights

PPK Group Limited

As at the end of the financial year, the number of ordinary shares in PPK Group Limited held by directors and Key Management Personnel ("KMP") during the 2022 and 2021 reporting periods is set out below:

2022	Share Balance at Start of Year	Shares Transferred from PPK LTIP	Shares Acquired	Shares Acquired	Shares Sold	Adjust for Director Ceasing in the Year	Shares Held at the End of the Reporting Period
<b>Directors</b>							
<i>Non-Executive</i>							
R Levison <sup>(1)</sup>	4,100,153	-	-	-	(50,000)	-	4,050,153
G Molloy <sup>(2)(3)</sup>	14,468,121	-	50,000	7,014,866	(255,000)	-	21,277,987
D McNamara <sup>(4)</sup>	3,043,332	400,000	-	-	-	(3,443,332)	-
A McDonald	409,120	-	-	-	-	-	409,120
<b>Total Directors</b>	<b>22,020,726</b>	<b>400,000</b>	<b>50,000</b>	<b>7,014,866</b>	<b>(305,000)</b>	<b>(3,443,332)</b>	<b>25,737,260</b>
<b>Other KMP</b>							
K Hostland	428,692	244,000	-	-	(113,192)	-	559,500
<b>Total Other</b>	<b>428,692</b>	<b>244,000</b>	<b>-</b>	<b>-</b>	<b>(113,192)</b>	<b>-</b>	<b>559,500</b>
<b>Total</b>	<b>22,449,418</b>	<b>644,000</b>	<b>50,000</b>	<b>7,014,866</b>	<b>(418,192)</b>	<b>(3,443,332)</b>	<b>26,296,760</b>

(1) Shares sold to a family member.

(2) Share movement of 7,014,866 was as a result of appointment as a Trustee from a Trust.

(3) Share movement of 255,000 was as a result of retirement as a Trustee from a Trust.

(4) Removes D McNamara share holding as he ceased to be a Director during the year.

2021	Share Balance at Start of Year	November 2020 DRP <sup>(1)</sup>	Shares Transferred from PPK LTIP <sup>(2)</sup>	Shares Acquired <sup>(3)</sup>	Shares Sold	Adjust for Director Ceasing in the Year	Shares Held at the End of the Reporting Period
<b>Directors</b>							
<i>Non-Executive</i>							
R Levison <sup>(4)</sup>	4,433,572	11,581	-	-	(345,000)	-	4,100,153
G Molloy <sup>(5)</sup>	14,582,610	37,035	-	-	(151,524)	-	14,468,121
D McNamara <sup>(4)</sup>	4,530,461	11,834	1,037	-	(1,500,000)	-	3,043,332
A McDonald	407,924	1,066	130	-	-	-	409,120
G Webb <sup>(6)</sup>	9,749,399	25,467	-	-	-	(9,774,866)	-
<b>Total Directors</b>	<b>33,703,966</b>	<b>86,983</b>	<b>1,167</b>	<b>-</b>	<b>(1,996,524)</b>	<b>(9,774,866)</b>	<b>22,020,726</b>
<b>Other KMP</b>							
K Hostland	254,878	665	56,649	125,000	(8,500)	-	428,692
<b>Total Other</b>	<b>254,878</b>	<b>665</b>	<b>56,649</b>	<b>125,000</b>	<b>(8,500)</b>	<b>-</b>	<b>428,692</b>
<b>Total</b>	<b>33,958,844</b>	<b>87,648</b>	<b>57,816</b>	<b>125,000</b>	<b>(2,005,024)</b>	<b>(9,774,866)</b>	<b>22,449,418</b>

(1) Shares issued @ \$3.8282 per share being the price at which shares were issued to all shareholders participating in the Dividend Reinvestment Plan regarding the dividend paid by the Company on 20 November 2020.

(2) Includes shares issued under the Dividend Reinvestment Plan to PPK LTIP in error and transferred to LTIP participants.

(3) Shares in a related party under the control of the KMP.

(4) Shares sold in conjunction with the Strategic Capital Raise announced 27 November 2020.

(5) Share movement was as a result of retirement as a Trustee from a Trust.

(6) Removes G Webb shareholding as he ceased to be a Director during the year.

## Directors' Report

for the year ended 30 June 2022

As at the end of the financial year, the number of Performance Rights in PPK held by directors and Key Management Personnel during the 2022 and 2021 reporting periods is explained and summarised below:

2022 Executive Rights Plan											
Name and Grant Dates	Balance Granted		Vested			Exercised			Forfeited		Balance at End of Year Unvested
	at Start of the Year	During Year	No.	No.	%	No.	No.	%	No.		
	Vested	Unvested	No.	No.	%	No.	No.	%	No.	Maximum \$ value to vest <sup>(3)</sup>	
<b>K Hostland</b>											
Special Catch-Up Grant <sup>(1)</sup>	-	- 34,704	-	-	-	-	-	-	- 34,704	91,967	
FY22 Performance Rights <sup>(2)</sup>	-	- 34,704	-	-	-	-	-	-	- 34,704	-	

(1) The performance rights fully vest on 30 June 2023.

(2) The performance rights will be assessed against the KPI's by the Directors on 30 June 2024.

(3) The maximum value of the Performance Rights yet to vest has been determined as the amount of the grant date fair value of the Performance Rights that is yet to be expensed which was calculated using the number of Performance Rights that were granted.

The fair value of the rights issued was \$5.30. There is no exercise price for the executive rights which will expire in March 2037.

2022 Executive Rights Plan											
Name and Grant Dates	Balance Granted		Vested			Exercised			Forfeited		Balance at End of Year Unvested
	at Start of the Year	During Year	No.	No.	%	No.	No.	%	No.		
	Vested	Unvested	No.	No.	%	No.	No.	%	No.	Maximum \$ value to vest <sup>(3)</sup>	
<b>D McNamara</b>											
Tranche 1	100,000					(100,000)					
Tranche 2	100,000					(100,000)					
Tranche 3	100,000					(100,000)					
Tranche 4	100,000					(100,000)					
<b>A McDonald</b>											
Tranche 1	12,500						-				
Tranche 2	12,500						-				
Tranche 3	12,500						-				
Tranche 4	12,500						-				
<b>K Hostland</b>											
Tranche 1	75,000					(75,000)					
Tranche 2	75,000					(75,000)					
Tranche 3	75,000					(75,000)					
Tranche 4	75,000					(75,000)					

(1) The performance rights fully vested on 1 July 2021.



## Directors' Report

for the year ended 30 June 2022

### Li-S Energy Limited

As at the end of the financial year, the number of ordinary shares in LIS held by directors and Key Management Personnel during the 2022 and 2021 reporting periods is set out below:

2022	Share Balance at Start of Year	Shares Acquired	Shares Sold	Share Balance at End of Year
<b>Directors</b>				
<i>Non-Executive</i>				
<b>R Levison</b>	2,776,917	13,632	-	2,790,549
<b>A McDonald</b>	866,961	-	-	866,961
<b>Total Directors</b>	3,643,878	13,632	-	3,657,510
<b>Other KMP</b>				
<b>G Molloy<sup>(1)</sup></b>	6,440,784	-	-	6,440,784
<b>K Hostland</b>	504,295	24,771	-	529,066
<b>Total Other</b>	6,945,079	24,771	-	6,969,850
<b>Total KMP</b>	10,588,957	38,403	-	10,627,360

(1) Entered into a consulting agreement on 12 June 2021.

2021	Share Balance at Start of Year	Shares Issued via PPK's In-specie Dividend	Shares Acquired	Shares Sold	Share Balance at End of Year
<b>Directors</b>					
<i>Non-Executive</i>					
<b>R Levison</b>	-	1,576,917	1,200,000	-	2,776,917
<b>A McDonald</b>	-	166,961	700,000	-	866,961
<b>Total Directors</b>	-	1,743,878	1,900,000	-	3,643,878
<i>Executive Director</i>					
<b>G Molloy<sup>(1)</sup></b>	-	5,640,784	800,000	-	6,440,784
<b>Total Executive Director</b>	-	5,640,784	800,000	-	6,440,784
<b>Total KMP</b>	-	7,384,662	2,700,000	-	10,084,662

(1) Resigned as a Director on 11 June 2021.

As at the end of the financial year, the number of Service Rights in LIS held by directors and Key Management Personnel during the 2022 and 2021 reporting periods is set out below:

2022	Balance at Start of Year <sup>(1)</sup>	Granted During the Year	Vested	Exercised	Forfeited	Vested & Unexercised	Balance at End of Year Unvested			
	Unvested	Unvested	No	%	No	No	%	No	Maximum \$ Value to Vest <sup>(2)</sup>	
<b>Directors</b>										
<b>R Levison</b>	480,000	-	160,000	100%	-	-	-	160,000	320,000	64,251
<b>A McDonald</b>	480,000	-	160,000	100%	-	-	-	160,000	320,000	64,251
<b>Total Directors</b>	960,000	-	320,000		-	-	-	320,000	640,000	128,502

(1) There were nil vested and unexercised rights at the beginning of the year.

(2) The maximum value of service rights to vest has been calculated as the amount of the grant date fair value of the service rights yet to be expensed.

## Directors' Report

for the year ended 30 June 2022

2021	Balance at Start of Year		Granted During the Year		Vested		Exercised		Forfeited		Vested & Unexercised		Balance at End of Year Unvested	
	Unvested	Unvested	No	%	No	No	No	%	No	%	No	%	No	Maximum \$ Value to Vest <sup>(1)</sup>
<b>Directors</b>														
<b>R Levison</b>	-	480,000	-	-	-	-	-	-	-	-	-	-	480,000	240,000
<b>A McDonald</b>	-	480,000	-	-	-	-	-	-	-	-	-	-	480,000	240,000
<b>Total Directors</b>	-	1,440,000	-	-	-	-	-	-	-	-	-	-	1,440,000	720,000

(1) The maximum value of service rights to vest has been calculated as the amount of the grant date fair value of the service rights yet to be expensed.

### White Graphene Limited

As at the end of the financial year, the number of ordinary shares in WGL held by directors and Key Management Personnel during the 2022 and 2021 reporting periods is set out below:

2022	Share Balance at Start of Year	<sup>(1)</sup> Shares Acquired	Shares Sold	Shares Held at the End of the Reporting Period
<b>Directors</b>				
<b>R Levison</b>	250,000	250,000	-	500,000
<b>G Molloy</b>	-	1,000,000	-	1,000,000
<b>A McDonald</b>	-	250,000	-	250,000
<b>G Pullen</b>	-	-	-	-
<b>Total Directors</b>	250,000	1,500,000	-	1,750,000
<b>Other KMP</b>				
<b>K Hostland</b>	-	250,000	-	250,000
<b>Total Other</b>	-	250,000	-	250,000
<b>Total</b>	250,000	1,750,000	-	2,000,000

(1) Shares were acquired at \$0.40 per share as part of the capital raise process.

### OTHER TRANSACTIONS WITH RELATED PARTIES OF THE GROUP

See Note 35. There were no other transactions with directors and/or their related parties during the year.

### (End of Audited Remuneration Report)

# Directors' Report

for the year ended 30 June 2022

## MEETINGS OF DIRECTORS

During the financial year, meetings of directors (including committee meetings) were held. Attendances were:

	DIRECTORS' MEETINGS		AUDIT & RISK COMMITTEE MEETINGS		REMUNERATION & NOMINATION COMMITTEE MEETINGS	
	Number Eligible to Attend	Number Attended	Number Eligible to Attend	Number Attended	Number Eligible to Attend	Number Attended
R Levison	13	13	-	-	-	-
G Molloy	13	13	5	5	-	-
D McNamara	13	12	-	-	-	-
A McDonald	13	13	5	5	2	2

## CORPORATE GOVERNANCE STATEMENT

PPK's directors and management are committed to conducting the Group's business ethically and in accordance with high standards of corporate governance. A copy of PPK's 2022 Corporate Governance Statement can be found in the corporate governance section of PPK's website at [www.ppkgroup.com.au](http://www.ppkgroup.com.au).

## RISK & CONTROL COMPLIANCE STATEMENT

The Board has:

- received and considered reports from management regarding the effectiveness of the Company's management of its material business risks; and
- received assurance from the people performing each of the Chief Executive Officer and Chief Financial Officer functions regarding the consolidated financial statements and the effective operation of risk management systems and internal controls in relation to financial reporting risks.

Material associates and joint ventures, which the company does not control, are not dealt with for the purposes of this statement.

## AUDIT & RISK COMMITTEE

The details of the composition, role and Terms of Reference of the Audit & Risk Committee<sup>(1)</sup> are available on the Company's website at [www.ppkgroup.com.au](http://www.ppkgroup.com.au).

During the reporting period, the Audit & Risk Committee consisted of the following:

G Molloy (Appointed Chairman: 14 August 2017) <sup>(1)</sup>	Executive Director
A McDonald (Appointed: 25 January 2018) <sup>(1)</sup>	Non-Executive Independent Director

(1) On 21 December 2021, Mr McDonald was appointed as the Chairman of the Committee and the responsibilities were extended to include risk management. Mr Molloy continued as a member until 30 June 2022, but ceased to be the Chairman.

The Company's lead audit signing and review External Audit Partner, Chairman, Chief Financial Officer and selected consultants attend meetings of the Audit and Risk Committee by standing invitation. The Chief Risk Officer attends meetings of the Committee as a guest, unless substantive risk matters are being discussed.

## REMUNERATION & NOMINATION COMMITTEE

The details of the composition, role and Terms of Reference of the Remuneration and Nomination Committee are available on the Company's website at [www.ppkgroup.com.au](http://www.ppkgroup.com.au).

During the reporting period, the Remuneration & Nomination Committee consisted of the following:

R Levison (Appointed: 21 December 2021)	Executive Chairman
A McDonald (Appointed Chairman: 21 December 2021)	Non-Executive Independent Director

The Company's General Counsel, Chief Financial Officer and selected consultants attend meetings of the Remuneration and Nomination Committee by standing invitation. The Chief Risk Officer attends meetings of the Committee as a guest, unless substantive risk matters are being discussed.

## Directors' Report

for the year ended 30 June 2022

### DIRECTORS' INDEMNIFICATION

During or since the end of the financial year the company has given an indemnity or entered an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

Each of the Directors, the Company Secretaries and other Executive Officers of PPK have entered into a deed whereby the company has provided certain contractual rights of access to books and records of PPK to those Directors, the Company Secretaries and other Executive Officers. The company has insured all its Directors and Executive Officers. The contract of insurance prohibits the disclosure of the nature of the liabilities covered and amount of the premium paid. The *Corporations Act 2001* does not require disclosure of the information in these circumstances.

No Directors, Company Secretaries or other Executive Officers have sought leave under Section 237 of the *Corporations Act*.

### AUDITOR'S INDEMNIFICATION

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young Australia, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

### NON-AUDIT SERVICES

Non-audit services provided by the Group's auditor, Ernst & Young, in the current financial period and prior financial year included taxation advice and other advisory services to either the Company or other entities within the Group. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The nature and scope of each type of non-audit service provided to the Group means that auditor independence was not compromised.

During the year, the following fees were paid or payable for non-audit services provided by the auditor of the Group and its related practices:

	2022 \$	2021 \$
Taxation advice and other advisory services	276,325	247,805
Total remuneration	276,325	247,805

### AUDIT INDEPENDENCE

The lead auditor has provided the Auditor's Independence Declaration under section 307C of the *Corporations Act 2001* (Cth) for the year ended 30 June 2022 and a copy of this declaration forms part of the Directors' Report.

### ROUNDING OF ACCOUNTS

The amounts contained in the financial report have been rounded to the nearest \$1,000 (where rounding is applicable) where noted (\$000) under the option available to the Company under ASIC Corporations (Rounding in Financial/ Directors' Reports) Instrument 2016/191. The Company is an entity to which this legislative instrument applies.

Signed in accordance with a resolution of the Board of Directors.



**Robin Levison**  
Chairman



**Glenn Molloy**  
Executive Director

Brisbane, 29 August 2022

# Auditor's Independence Declaration



Ernst & Young  
111 Eagle Street  
Brisbane QLD 4000 Australia  
GPO Box 7878 Brisbane QLD 4001

Tel: +61 7 3011 3333  
Fax: +61 7 3011 3100  
ey.com/au

## Auditor's independence declaration to the directors of PPK Group Limited

As lead auditor for the audit of the financial report of PPK Group Limited for the financial year ended 30 June 2022, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;
- b. No contraventions of any applicable code of professional conduct in relation to the audit; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

This declaration is in respect of PPK Group Limited and the entities it controlled during the financial year.

A handwritten signature in black ink that reads 'Ernst &amp; Young'.

Ernst & Young

A handwritten signature in black ink that reads 'Brad Tozer'.

Brad Tozer  
Partner  
29 August 2022

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2022

	Notes	Consolidated Entity	
		2022 \$000	2021 \$000
<b>Continuing operations</b>			
Revenue from contracts with customers	3.1	1,647	-
Gain on re-measurement of equity interest at fair value	22.1.3	11,648	-
Share of profit (loss) of associates and joint ventures	22.3	(4,039)	(198)
Other operating income (loss)	3.2	254	(571)
Technology expenses	4.1	(9,646)	(2,243)
Corporate expenses	4.1	(6,888)	(3,163)
<b>PROFIT (LOSS) BEFORE TAX EXPENSE FROM CONTINUING OPERATIONS</b>	4.1	<b>(7,024)</b>	(6,175)
Income tax (expense) benefit		503	599
<b>PROFIT (LOSS) AFTER TAX EXPENSE FROM CONTINUING OPERATIONS</b>		<b>(6,521)</b>	(5,576)
<b>Discontinuing operations</b>			
<b>PROFIT (LOSS) AFTER TAX EXPENSE FROM DISPOSAL GROUP</b>	13	<b>(649)</b>	(742)
<b>PROFIT (LOSS) FOR THE YEAR</b>		<b>(7,170)</b>	(6,318)
<b>PROFIT (LOSS) IS ATTRIBUTED TO:</b>			
Owners of PPK		(2,564)	(5,479)
Non-controlling interests		(4,606)	(839)
		<b>(7,170)</b>	(6,318)
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR</b>		<b>(7,170)</b>	(6,318)
<b>TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR IS ATTRIBUTABLE TO:</b>			
Owners of PPK Group Limited		(2,564)	(5,479)
Non-controlling interests		(4,606)	(839)
		<b>(7,170)</b>	(6,318)
<b>Earnings per share (in cents)</b>			
Basic	11	(8.0)	(6.3)
Diluted	11	(8.0)	(6.3)
Earnings per share from continuing operations (in cents)			
Basic	11	(7.3)	(5.4)
Diluted	11	(7.3)	(5.4)
Earnings per share from discontinued operations (in cents)			
Basic	11	(0.7)	(0.8)
Diluted	11	(0.7)	(0.8)

The accompanying notes form part of these financial statements.

# Consolidated Statement of Financial Position

as at 30 June 2022

	Notes	Consolidated Entity	
		2022 \$000	2021 \$000
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	14	53,008	30,365
Trade and other receivables	15	2,177	1,721
Inventories	16	313	-
Other current assets	17	160	110
Current Disposal Group assets	13	-	28,734
<b>TOTAL CURRENT ASSETS</b>		<b>55,658</b>	60,930
<b>NON-CURRENT ASSETS</b>			
Investment	18	3,402	4,472
Interest-bearing loans to related parties	19	2,000	-
Investment property	20	4,102	-
Investments in associates and joint ventures	22	10,762	28,126
Property, plant and equipment	23	5,439	530
Right-of-use assets	24	1,256	-
Intangible assets and goodwill	25	37,475	1,622
Deferred tax assets	7	785	922
Other non-current assets	17	97	-
<b>TOTAL NON-CURRENT ASSETS</b>		<b>65,318</b>	35,672
<b>TOTAL ASSETS</b>		<b>120,976</b>	96,602
<b>CURRENT LIABILITIES</b>			
Trade and other payables	26	1,672	357
Lease and other liabilities	27	171	-
Interest-bearing loans and borrowings	28	-	399
Provisions	29	382	134
Taxes provision	7	1,172	-
Disposal Group liabilities	13	-	7,435
<b>TOTAL CURRENT LIABILITIES</b>		<b>3,397</b>	8,325
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing loans and borrowings	28	2,756	-
Lease liabilities	27	1,129	-
Provisions	29	80	13
Deferred tax liability	7	1,039	-
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>5,004</b>	13
<b>TOTAL LIABILITIES</b>		<b>8,391</b>	8,338
<b>NET ASSETS</b>		<b>112,585</b>	88,264
<b>EQUITY</b>			
Contributed equity	30.1	62,175	75,348
Treasury shares	30.4	(109)	(203)
Reserves	31	38,969	19,068
Reserves of a disposal group held for sale		-	350
Retained earnings (accumulated losses)		(19,525)	(17,915)
Capital and reserves attributable to owners of PPK		81,510	76,648
Non-controlling interests		31,075	11,616
<b>TOTAL EQUITY</b>		<b>112,585</b>	88,264

The accompanying notes form part of these financial statements.

# Consolidated Statement of Cash Flows

for the year ended 30 June 2022

	Notes	Consolidated Entity	
		2022 \$000	2021 \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts from customers		42,498	38,916
Cash payments to suppliers and employees		(49,880)	(41,596)
Interest received		197	60
Interest paid		(176)	(129)
Income taxes refunded (paid)		(709)	-
Net cash provided by (used in) operating activities		(8,070)	(2,749)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment for purchases of plant and equipment		(2,929)	(817)
Payment for purchase of investment property		(4,179)	-
Proceeds from sale of property and equipment		-	446
Proceeds from sale of treasury shares		3,208	2,025
Proceeds from sale of financial assets at FVTPL		950	-
Payments for intangibles		(4,774)	(2,271)
Payments for loans advanced		-	(1,914)
Proceeds from loans repaid		1,569	273
Payments for investments in associates and joint ventures		(7,488)	(1,500)
Payment for acquisition of investment		-	(2,597)
Increase in cash from a change in accounting from an associate to a subsidiary		8,672	-
Increase in cash from demerger of disposal group held for sale		1,164	-
Purchase of financial assets at FVTPL		-	(57)
Dividend received from equity accounted investment		298	362
Net cash provided by (used in) investing activities		(3,509)	(6,050)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from other borrowings		2,335	395
Proceeds from capital raisings		35,160	38,206
Repayment of other borrowings		-	(150)
Principal payment for lease liabilities		(2,003)	(1,722)
Transaction costs on issue of shares		(184)	(1,995)
Dividends paid	10(d)	-	(376)
Dividends received for treasury shares	10(d)	-	7
Payment of dividend by BNNTTL to non-controlling interests		(1,029)	-
Finance costs		(57)	-
Net cash provided by (used in) financing activities		34,222	34,365
Net increase (decrease) in cash held		22,643	25,566
Cash at the beginning of the financial year		30,365	5,344
Cash attributable to discontinued operations	13	-	(545)
Cash at the end of the financial year	6.2	53,008	30,365

The accompanying notes form part of these financial statements



## Consolidated Statement of Changes in Equity

for the year ended 30 June 2022

CONSOLIDATED ENTITY	Notes	Issued Capital (Note 30) \$000	Treasury Shares (Note 30.4) \$000	Accumulated Losses \$000	Capital Reserves (Note 31) \$000	Reserve of Disposal Group Held for Sale \$000	Total Attributable to Owners of PPK Group Ltd \$000	Non-Controlling Interests \$000	Total Equity \$000
<b>At 1 July 2021</b>		75,348	(203)	(17,915)	19,068	350	76,648	11,616	88,264
<b>Total comprehensive income (loss) for the year</b>		-	-	-	-	-	-	-	-
Profit (loss) for the year		-	-	(2,564)	-	-	(2,564)	(4,606)	(7,170)
<b>Total comprehensive income (loss) for the year</b>		-	-	(2,564)	-	-	(2,564)	(4,606)	(7,170)
Issue of share capital for Long Term Incentive Plan	31.1	331	-	-	(331)	-	-	-	-
Issue of performance rights	31.1	-	-	-	600	-	600	-	600
Issue of performance rights in a subsidiary company	32.1	-	-	-	821	-	821	-	821
Reserves attributable to non-controlling interests	32.1	-	-	-	(886)	-	(886)	886	-
Transaction costs for issue of share capital	30.2	(14)	-	-	-	-	(14)	-	(14)
Treasury shares sold	30.4	-	94	3,113	-	-	3,207	-	3,207
Reserves of a Disposal Group held for sale	13	-	-	-	-	-	-	-	-
Dividends paid by in specie distribution	10(d)	-	-	(2,509)	-	-	(2,509)	-	(2,509)
Dividends paid		-	-	-	-	-	-	(1,029)	(1,029)
Return of Capital - Demerger	30.1	(13,490)	-	350	-	(350)	(13,490)	-	(13,490)
Issue of capital in a controlled entity	21.1	-	-	-	16,680	-	16,680	18,174	34,854
Change in a non-controlling interest held by a controlled entity, net of costs		-	-	-	3,017	-	3,017	191	3,208
Non-controlling interest arising in BNNTTL's business combination	22.1.3	-	-	-	-	-	-	5,843	5,843
<b>At 30 June 2022</b>		62,175	(109)	(19,525)	38,969	-	81,510	31,075	112,585

The accompanying notes form part of these financial statements

## Consolidated Statement of Changes in Equity

for the year ended 30 June 2021

CONSOLIDATED ENTITY	Notes	Issued Capital (Note 30) \$000	Treasury Shares (Note 30.4) \$000	Accumulated Losses \$000	Capital Reserves (Note 31) \$000	Reserve of Disposal Group Held for Sale \$000	Total Attributable to Owners of PPK Group Ltd \$000	Non-Controlling Interests \$000	Total Equity \$000
<b>At 1 July 2020</b>		59,500	(227)	(11,325)	4,143	-	52,091	2,102	54,193
<b>Total comprehensive income (loss) for the year</b>									
Profit (loss) for the year		-	-	(5,479)	-	-	(5,479)	(839)	(6,318)
<b>Total comprehensive income (loss) for the year</b>		-	-	(5,479)	-	-	(5,479)	(839)	(6,318)
Issue of share capital on private placement	30.2	15,400	-	-	-	-	15,400	-	15,400
Issue of share capital on dividend reinvestment plan	30.2	483	-	-	-	-	483	-	483
Issue of share capital for Long Term Incentive Plan	31.1	784	-	-	(784)	-	-	-	-
Issue of performance rights	31.1	-	-	-	311	-	311	61	372
Transaction costs for issue of share capital	30.2	(819)	-	-	-	-	(819)	-	(819)
Shares purchased		-	(57)	-	-	-	(57)	-	(57)
Treasury shares sold	30.4	-	81	1,944	-	-	2,025	-	2,025
Reserves of a Disposal Group held for sale	13	-	-	-	(350)	350	-	-	-
Dividends paid by in specie distribution	10(d)	-	-	(2,202)	1,939	-	(263)	263	-
Dividends paid		-	-	(853)	-	-	(853)	-	(853)
Issue of capital in a controlled entity		-	-	-	11,887	-	11,887	10,065	21,952
Change in a non-controlling interest held by a controlled entity, net of costs		-	-	-	224	-	224	(224)	-
Change in a non-controlling interest held by an associated entity		-	-	-	1,698	-	1,698	188	1,886
<b>At 30 June 2021</b>		75,348	(203)	(17,915)	19,068	350	76,648	11,616	88,264

The accompanying notes form part of these financial statements

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2022

## NOTE 1 CORPORATE INFORMATION

The financial statements of consolidated entity, being PPK Group Limited and its 100% owned subsidiaries ("PPK" or "the Company") and its controlled entities ("the Group") for the year ended 30 June 2022 were authorised for issue in accordance with a resolution of the Directors on 29 August 2022 and covers PPK Group Limited and its controlled entities as required by the *Corporation Act 2001*.

PPK is a for-profit company limited by shares, incorporated and domiciled in Australia. Its shares are publicly traded on the Australian Securities Exchange.

Separate financial statements for PPK Group Limited ("Parent Company") as an individual entity are not required to be presented, however, limited financial information for PPK Group Limited is provided as an individual entity in Note 12.

With the restructuring of the Group over the past two years, PPK has become a technology incubation and commercialisation company with its main focus on the manufacture and sale of BNNT and as an incubator for BNNT application companies and other innovative university or externally sourced science and technologies.

Thus, the nature of PPK's principal activities are the manufacture and sale of BNNT and as an incubator for BNNT application companies and other innovative technologies.

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of Preparation and Statement of Compliance

The consolidated general purpose financial statements of the Group have been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. Compliance with Australian Accounting Standards results in full compliance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

The financial statements have been prepared on an accruals basis and are based on historical costs, except for investments measured at fair value.

The consolidated financial statements provide comparative information in respect of the previous period. The accounting policies have been consistently applied to the entities of the consolidated entity unless otherwise stated.

PPK is a type of company referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and therefore, amounts in the financial statements and Directors' report have been rounded to the nearest thousand dollars, or in certain cases, to the nearest dollar.

### 2.2 New and revised standards that are effective for these financial statements

There were no first time standards and amendments effective for the financial period ended 30 June 2022 that are material to the Company. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

#### AASB 2020-3 Amendments to AASB 3 - Reference to the Conceptual Framework

When the revised Conceptual Framework was issued in 2018, its application to AASB 3 was excluded requiring entities to apply the definitions of an asset and liability (and supporting concepts) in the previous Framework. In some cases, the revised definitions might change which assets and liabilities qualify for recognition in a business combination. As a consequence, post-acquisition accounting required by other standards could lead to immediate derecognition or such assets or liabilities, causing "day 2 gains or losses" to arise, which did not depict economic reality.

The IASB has assessed the impact of the revised definitions of assets and liabilities in the Conceptual Framework to business combinations, concluding that the problem of day 2 gains or losses would be significant only for liabilities that an acquirer accounts for after acquisition by applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies. The IASB updated IFRS 3 in May 2020 for the revised definitions of an asset and liability and excluded the application of the Conceptual Framework to liabilities and contingent liabilities within the scope of IAS 37 or IFRIC 21. The AASB released the equivalent amendments to AASB 3 in June 2020. When the amendments are first adopted for the year ended 30 June 2023, the amendments are not expected to have a material impact on the financial statements.

#### IAS 16 Amendment to Property, Plant and Equipment: Proceeds before Intended Use

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss. An entity applies this amendment for annual reporting periods beginning on or after 1 July 2022 and the amendment is applied retrospectively but only to items of property, plant and equipment that are "ready to use" from the date of application. When this amendment is first adopted for the year ended 30 June 2023, the amendment is not expected to have a material impact on the financial statements.

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2022

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.2 New and revised standards that are effective for these financial statements (continued)

#### AASB 2021-2 Amendments to AASB 7, AASB 101, AASB 134 Interim Financial Reporting and AASB Practice Statement 2 Making Materiality Judgements – Disclosure of Accounting Policies

The amendments to AASB 101 Presentation of Financial Statements require disclosure of “material” accounting policy information, instead of “significant” accounting policies. Unlike material, significant is not defined in Australian Accounting Standards and leveraging the existing definition of material, with additional guidance, is expected to help preparers make more effective accounting policy disclosures. The guidance illustrates circumstances where an entity is likely to consider accounting policy information to be material and entity-specific accounting policy information is emphasised as being more useful than generic information or summaries of the requirements of Australian Accounting Standards. The amendments to AASB Practice Statement 2 supplement the amendments to AASB 101 by illustrating how the four-step materiality process can identify material accounting policy information. When the amendment is first adopted for the year ended 30 June 2024, the amendment is not expected to have a material impact on the financial statements.

#### AASB 2021-2 Amendments to AASB 108 – Definition of Accounting Estimates

An accounting policy may require items in the financial statements to be measured using information that is either directly observable or estimated. Accounting estimates use inputs and measurement techniques that require judgement and assumptions based on the latest available reliable information. The amendments to AASB 108 clarify definition of an accounting estimate, making it easier to differentiate it from an accounting policy. The distinction if necessary as their treatment and disclosure requirements are different. Critically, a change of an accounting estimate is applied prospectively whereas a change in accounting policy is applied retrospectively.

The new definition provides that “Accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty”. The amendments explain that a change in an input or a measurement technique used to develop an accounting estimate is considered a change in an accounting estimate unless it is correcting a prior period error. When the amendments are first adopted for the year ended 30 June 2024, the amendments are not expected to have a material impact on the financial statements.

#### AASB 2021-5 Amendments to AAS – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendment requires entities to account for income tax consequences when economic transactions take place, rather than when income tax payments or recoveries are made. Accounting for such tax consequences means entities need to consider the differences between tax rules

and accounting standards. Deferred taxes representing amounts of income tax payable or recoverable must be recognised on temporary differences unless specifically prohibited by AASB 112. An entity applies this amendment for annual reporting periods beginning on or after 1 July 2023 and applies the amendment from the beginning of the earliest comparative period presented for all transactions occurring on or after that date and for deferred tax balances arising from leases and decommissioning, restoration and similar liabilities existing at that date. The cumulative effect of initial application is recognised as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate. When the amendment is first adopted for the year ended 30 June 2024, the amendment is not expected to have a material impact on the financial statements.

#### AASB 2020 – Amendments to AASs – Classification of Liabilities as Current or Non-current

A liability is classified as current if the entity has no right at the end of the reporting period to defer settlement for at least 12 months after the reporting period. The AASB recently issued amendments to AASB 101 to clarify the requirements for classifying liabilities as current or non-current, specifically:

- the amendments specify that the conditions which exist at the end of the reporting period are those which will be used to determine if a right to defer settlement exists.
- management intention or expectation does not affect the classification of liabilities.
- in cases where an instrument with a conversion option is classified as a liability, the transfer of equity instruments would constitute settlement of the liability for the purpose of classifying it as current or non-current.

A consequence of the first amendment is that a liability would be classified as current if its repayment conditions failed their test at reporting date, despite those conditions only becoming effective in the 12 months after the end of the reporting period.

The AASB has proposed further amendments:

- specifying that conditions with which an entity must comply after the reporting period do not affect the classification at the reporting date;
- adding presentation and disclosure requirements for non-current liabilities subject to conditions in the next 12 months;
- clarifying specific situations in which an entity does not have a right to defer settlement for at least 12 months after the reporting date; and
- deferring the effective date of the original amendments to no earlier than 1 July 2024.

The amendments are applied retrospectively and early adoption is permitted. When the amendments are first adopted for the year ended 30 June 2025 or earlier, the amendments are not expected to have a material impact on the financial statements.

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2022

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.2 New and revised standards that are effective for these financial statements (continued)

AASB 2014-10 Amendments to AAS – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address a current inconsistency between AASB 10 Consolidated Financial Statements and AASB 128 Investments in Associates or Joint Ventures. The amendments clarify that, on a sale or contribution of assets to a joint venture or associate or on loss of control or significant influence is retained in a transaction involving an associate or joint venture, any gain or loss recognised will depend on whether the assets or subsidiary constitutes a business, whereas gain or loss attributable to other investors' interests is recognised when the assets or subsidiary do not constitute a business.

This amendment effectively introduces an exception to the general requirement in AASB 10 to recognise full gain or loss on the loss of control over a subsidiary. The exception only applies to the loss of control over a subsidiary that does not contain a business, if the loss of control is the result of a transaction involve an associate or a joint venture that is accounted for using the equity method. Corresponding amendments have also been made to AASB 128.

When the amendments are first adopted for the year ended 30 June 2026, the amendments are not expected to have a material impact on the financial statements.

### 2.3 Basis of consolidation

The Group financial statements consolidate those of the Parent Company and all of the entities that the Group controls at 30 June each year.

The Parent Company controls an entity if it is exposed, or has rights, to variable returns from its involvement with the entity and could affect those returns through its power over the entity (Note 2.24). Potential voting rights that are substantive, whether or not they are exercisable or convertible, are considered when assessing control. All entities have a reporting date of 30 June.

All intercompany balances and transactions, including unrealised profits arising from intergroup transactions have been eliminated on consolidation. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective.

Profit or loss and other comprehensive income of entities acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of an entity's profit or loss and net assets that is not held by the Group.

The Group attributes total comprehensive income or loss of an entity between the owners of the parent and the non-controlling interests based on their respective ownership interests. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

### 2.4 Business combination

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of an entity is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. When a business combination arises and no consideration is paid, the fair value of the Group's investment prior to acquisition is used in lieu of consideration paid. Acquisition costs are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values unless otherwise required by the relevant accounting standard. Where there is no consideration transferred, the Group attributes to the owners of the acquiree the amount of the acquiree's net assets recognised in accordance with the relevant accounting standard.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of: (a) fair value of consideration transferred, (b) the recognised amount of any non-controlling interest in the acquiree, and (c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in profit or loss immediately.

### 2.5 Investment in joint venture

A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2022

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.5 Investment in joint venture (continued)

The Group has a contractual arrangement whereby decisions about the relevant activities of the joint venture require the unanimous consent of the joint venturers that control the joint venture. A joint venture is accounted for in the consolidated financial statements as an investment and accounts for the investment using the equity method of accounting. Under the equity method the Group's share of the post-acquisition profit or loss of the joint venture is recognised in consolidated profit or loss and the Group's share of the post-acquisition movements in other comprehensive income of the joint venture is recognised in consolidated other comprehensive income. However, before applying equity accounting, the Group adjusts for any post-acquisition movements attributable to investments in subsidiaries of the Group. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends and distributions received from the joint venture reduces the carrying amount of the investment in the consolidated financial statements.

Any goodwill or fair value adjustment attributable to the Group's share in the joint venture is not recognised separately and is included in the amount recognised as an investment.

When the Group's share of post-acquisition losses in a joint venture exceeds its interest in the joint venture (including any unsecured receivables), the Group does not recognise further losses unless it has obligations to, or has made payments, on behalf of the joint venture.

### 2.6 Investments in associates

Associates are entities over which the Group has significant influence but not control. Associates are accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method the Group's share of the post-acquisition profit or loss of the associates is recognised in consolidated profit or loss and the Group's share of the post-acquisition movements in other comprehensive income of associates is recognised in consolidated other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends and distributions received from associates reduce the carrying amount of the investment in the consolidated financial statements.

Any goodwill or fair value adjustment attributable to the Group's share in the associate is not recognised separately and is included in the amount recognised as investment. When the Group's share of post-acquisition losses in an associate exceeds its interest in the associate (including any unsecured receivables), the Group does not recognise further losses unless it has obligations to, or has made payments, on behalf of the associate.

### 2.7 Foreign currency translation

The consolidated financial statements are presented in Australian Dollars (\$AUD), which is also the functional currency of the Parent Company and all subsidiaries, associates and joint ventures.

Foreign currency transactions during the period are converted to Australian currency at rates of exchange applicable at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses, whether realised or unrealised, resulting from the settlement of such transactions, amounts receivable and payable in foreign currency at the reporting date, and from the re-measurement of monetary items at year end exchange rates are recognised in profit or loss.

Non-monetary items are not retranslated at year end and are measured at historical cost (translated using the exchange rate at the date of the transaction), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

### 2.8 Revenue and revenue recognition

To determine whether to recognise revenue, the Company follows a 5-step process:

- Identify the contract with a customer;
- Identify the performance obligation;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations; and
- Recognise revenue when/as performance obligations are satisfied.

Revenue is recognised, based on the transaction price allocated to the performance obligation, after consideration of the terms of the contract and customary business practices. The transaction price is the amount of the consideration that the Company expects to be entitled to receive in exchange for transferring the promised goods or services to a customer, excluding amounts collected on behalf of third parties (ie sales taxes and duties). The consideration promised in a contract with a customer may include fixed amounts, variable amounts or both.

The following specific recognition criteria must also be met before revenue is recognised:

#### Sale of goods

Revenue arises from the sale of BNNT and is recognised at a point in time when they leave the manufacturing plant and control has passed to the buyer. Revenue is measured at the fair value of consideration received or receivable, net of returns, trade allowances and duties and taxes paid.

#### Management fees

Revenue is recognised as it accrues on a monthly basis for the performance of services provided under agreement.

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2022

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.8 Revenue and revenue recognition (continued)

#### Interest income

Revenue is recognised as it accrues using the effective interest rate method. The effective interest method uses the effective interest rate which is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial asset.

#### Government grants

Income from government grants is recognised at their fair value where there is a reasonable assurance that the grant will be received, and the Company will comply with all attached conditions. When the grant relates to an income item, it is recognised in the profit and loss when the Company will comply with all attached conditions. When the grant relates to an expense item, it is recognised in the profit and loss as other operating income on a systematic basis over the periods in which the Company recognises as expense the related costs for which the grants are intended to compensate. When the grant relates to an asset, it is presented in the statement of financial position by deducting the grant in arriving at the carrying amount of the asset.

### 2.9 Operating expenses

Operating expenses are recognised in the profit or loss upon utilisation of the services or at the date of their origin.

### 2.10 Share-based payments

The Group operates equity-settled share right-based incentive plans for its directors and employees. None of the Group's plans feature any share rights for a cash settlement.

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. Where directors and employees are rewarded using share right-based payments, the cost of directors' and employees' services is determined by the fair value at the date when the grant is made using an appropriate valuation model and revalued when modified. Market performance conditions and service conditions are reflected within the grant date fair value.

All share-based remuneration is ultimately recognised in employee benefits expense with a corresponding credit to share rights reserve. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on best available estimate of the number of share rights expected to vest.

Non-market vesting conditions are included in assumptions about the number of share rights that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share rights expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share rights ultimately exercised are different to that estimated on vesting.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

### 2.11 Finance costs

All borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period that is necessary to complete and prepare the asset for its intended use or sale. Other finance and borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

### 2.12 Cash

For the purposes of the statement of cash flows, cash includes cash on hand, and at call deposits with banks or financial institutions that have a maturity of no more than three months, net of bank overdrafts as they are considered an integral part of the Group's cash management.

### 2.13 Trade receivables and other receivables

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through the profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

For trade receivables and contract assets, the Group applies a simplified approach to calculating ECLs. The Group recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

### 2.14 Property, plant and equipment

Land and buildings are brought to account at cost less, where applicable, any accumulated depreciation. After initial recognition, land and buildings are measured at fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Plant and equipment are brought to account at cost less, where applicable, any accumulated depreciation or amortisation and impairment. The cost of fixed assets constructed within the Group includes the cost of materials used in construction, direct labour and an appropriate proportion of fixed and variable overheads.

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2022

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.14 Property, plant and equipment (continued)

The depreciable amount of all fixed assets, including buildings and capitalised leased assets but excluding freehold land, is depreciated over their useful lives to the consolidated entity commencing from the time the asset is held ready for use. Leasehold improvements are amortised over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The gain or loss on disposal of all fixed assets is determined as the difference between the carrying amount of the asset at the time of disposal and the proceeds of disposal, and is included in the profit before income tax of the consolidated entity in the year of disposal.

Class of Fixed Asset	Depreciation Rate
Leasehold Improvements	Straight Line over the term of the lease
Plant & Equipment	10-50 %
Building	4%

### 2.15 Intangible assets

#### Research and Development

Research is recognised as an expense as incurred. Costs incurred on development (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will, after considering its commercial and technical feasibility, be completed and generate future economic benefits and its costs can be measured reliably. The expenditure capitalised comprises all directly attributable costs, including costs of materials, services, direct labour and an appropriate proportion of overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets at cost less any accumulated amortisation and impairment losses and amortised over the period of expected future sales from the related projects which vary from 5 - 7 years. The carrying value of development costs is tested annually for impairment when the asset is not yet ready for use, or when events or circumstances indicate that the carrying value may be impaired.

#### Intellectual Property

Intellectual Property is recognised when it is probable that it will generate future economic benefits and its costs can be measured reliably. Intellectual Property has a finite useful life and is carried at cost less accumulated amortisation and impairment losses. The asset is tested annually for impairment, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For intellectual property in BNNTTL, amortisation is calculated on a straight line basis over the number of years of its expected benefit being the expiration of the exclusive global licence over the BNNT manufacturing technology on 31 May 2038.

### 2.16 Financial instruments

#### Initial recognition and measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

The Group's investments are at fair value through profit and loss.

#### i) Financial assets

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

Financial assets are classified according to the characteristics of their contractual cash flow and the Group's business model for managing them. Except for those trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do contain a significant financing component for which the Group has applied the practical expedient are measured at the transaction price as disclosed in Note 2.13.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are "solely payments of principal and interest (SPPI)" on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit and loss ("FVTPL"), irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date (i.e. the date that the Group commits to purchase or sell the asset).



# Notes to the Consolidated Financial Statements

for the year ended 30 June 2022

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.16 Financial instruments (continued)

#### Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through the OCI with no recycling of cumulative gains or losses upon derecognition (equity instruments)
- Financial assets at FVTPL

#### Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised. The Group's financial assets at amortised cost includes trade receivables.

#### Financial assets fair value through OCI (debt instruments)

For debt instruments at fair value through OCI, interest income, impairment losses or reversals are recognised in the statement of profit and loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition the cumulative fair value change recognised in OCI is recycled to profit or loss. The Group has no debt instruments at fair value through OCI.

#### Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under AASB 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefit from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment. The Group has no equity instruments at fair value through OCI.

#### Financial assets at FVTPL

Financial assets at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit and loss.

This category includes derivative instruments, listed and unlisted equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on equity investments are recognised as other income in the statement of profit or loss when the right of payment has been established.

#### Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement, and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all of the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a "pass-through" arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

#### Impairment

Further disclosures relating to impairment of financial assets are also provided in Note 2.24.

#### ii) Financial liabilities

Initial measurement and recognition

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings, payables, or as derivatives as hedging instruments in an effective hedge, as appropriate.

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2022

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.16 Financial instruments (continued)

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

#### Subsequent measurement

For the purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at FVTPL
- Financial liabilities at amortised cost (loans and borrowings)

#### Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are designated as hedging instruments in hedge relationships as defined by AASB 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at FVTPL are designated at the initial date of recognition, and only if the criteria in AASB 9 are satisfied.

#### Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

#### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

#### iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a current enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### 2.17 Disposal Group held for sale

The Group classified a disposal group as held for sale when the carrying amounts of their assets were realised through a demerger of the assets by a return of capital to shareholders rather than through continuing use. A disposal group classified as held for sale is measured at the lower of their carrying amount and fair value less costs to demerge. Costs to demerge are the incremental costs directly attributable to the disposal of the asset of the disposal group, excluding finance and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the disposal group was available for immediate sale in its present condition.

Property, plant and equipment and intangible assets were not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale were presented separately as current items on the statement of financial position in the previous year.

The disposal group qualified as a discontinued operation as it was a component of an entity that has been classified as held for sale and represents a separate major line of business or geographic area of operations.

Held-for-sale assets were excluded from the results of continuing operations and were presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss.

The Disposal Group identified in the 30 June 2021 finance year is the Mining Equipment. Additional disclosures are provided in Note 13. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise. The Disposal Group was demerged from the Group on 29 June 2022.

### 2.18 Trade and other payables

These amounts represent unpaid liabilities for goods received and services provided to the Group prior to the end of the financial year. The amounts are unsecured and are normally settled within 30 to 60 days, except for imported items for which 90 or 120 day payment terms are normally available.

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2022

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.19 Borrowings

All loans and borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the profit or loss statement over the period of the loans and borrowings using the effective interest method. Bank loans are subject to set-off arrangements.

### 2.20 Employee benefit provisions

#### Salary, wages and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled are recognised in other liabilities or provision for employee benefits in respect of employees' services rendered up to the end of the reporting period and are measured at amounts expected to be paid when the liabilities are settled.

#### Long service leave

Liabilities for long service leave are recognised as part of the provision for employee benefits and measure as the present value of expected future payments to be made in respect of services provided by employees to the end of the reporting period using the projected unit credit method. Consideration is given to expected future salaries and wages levels, experience of employee departures and period of service. Expected future payments are discounted using high quality corporate bond rates at the end of the reporting period with terms to maturity that match as close as possible, the estimated future cash outflows.

#### Retirement benefit obligations

The Group contributes to defined contribution superannuation funds for employees. All funds are accumulation plans where the Group contributed various percentages of employee gross incomes, the majority of which were as determined by the superannuation guarantee legislation. Benefits provided are based on accumulated contributions and earnings for each employee. There is no legally enforceable obligation on the Group to contribute to the superannuation plans other than requirements under the superannuation guarantee legislation. Contributions are recognised as expenses as they become payable.

### 2.21 Income tax

The income tax expense for the period is the tax payable on the current period's taxable income based on the notional income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets are only recognised for deductible temporary differences, between carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases, at the tax rates expected to apply when the assets are recovered or liabilities settled, based on those tax rates which are enacted or substantially enacted for each jurisdiction. Exceptions are made for certain temporary differences arising on initial recognition of an asset or liability if they arose in a transaction other than a business combination that at the time of the transaction did not affect either accounting profit or taxable profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets are only recognised for deductible temporary differences and unused tax losses if there is reasonable certainty that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, associates and interests in joint ventures where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances relating to amounts recognised directly in other comprehensive income or equity are also recognised directly in other comprehensive income or equity.

PPK Group Limited and its wholly owned Australian subsidiaries have implemented the tax consolidation legislation and entered into a tax funding agreement and a tax sharing agreement for the whole of the financial year, where each subsidiary will compensate PPK Group Limited for the amount of tax payable that would be calculated as if the subsidiary was a tax paying entity. PPK Group Limited is the head entity in the tax consolidated group.

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2022

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.21 Income tax (continued)

The separate taxpayer within a group approach has been used to allocate current income tax expense and deferred tax expense to wholly-owned subsidiaries that form part of the tax consolidated group. PPK Group Limited has assumed all the current tax liabilities and the deferred tax assets arising from unused tax losses for the tax consolidated group via intercompany receivables and payables because a tax funding arrangement has been in place for the whole of the financial year. The amounts receivable/payable under tax funding arrangements are due upon notification by the head entity. Interim funding notices may also be issued by the head entity to its wholly-owned subsidiaries in order for the head entity to be able to pay tax instalments.

### 2.22 Dividends

Provision is made for dividends declared, and no longer at the discretion of the Group, on or before the end of the financial year but not distributed at the end of the reporting period.

### 2.23 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identifiable asset for a period of time in exchange for consideration.

#### Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### 2.23.1 Right-of-use assets

In the previous year, the Group recognised right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets were measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Buildings 2 to 9 years
- Plant and equipment 2 to 4 years

If ownership of the leased asset transfer to the Group at the end of the lease term or the costs reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

#### 2.23.2 Lease liabilities

At the commencement date of the lease, the Group recognised lease liabilities measured at the present value

of the lease payments to be made over the lease term. The lease payments included fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depended on an index or rate, and amounts expected to be paid under residual lease guarantees. The lease payments also included the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that did not depend on an index or a rate were recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group used its incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease was not readily determinable. After the commencement date, the amount of lease liabilities was increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (i.e. changes to future payments resulting from a change in an index or rate to be used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

#### 2.23.3 Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of buildings (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expenses on a straight-line basis over the lease term.

#### 2.23.4 Group as lessor

Leases in which the group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the consolidated statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Variable lease payments are recognised as revenue in the period in which they are earned.

When assets are leased out under finance leases, the present value of the lease payments is recognised as a lease receivable. Any difference between the present value of the lease receivable and the asset derecognised is recorded in the profit and loss. Interest income is recognised as the discount unwinds.

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2022

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.24 Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities in future periods.

#### Significant Management Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements.

#### Determining Control of an Entity

Management has used significant judgement to determine the power the Group has over the entities, the exposure or rights, to variable returns from its involvement with the entities and the ability to use its power over the entities to affect the amount of the returns from those entities to determine whether the Group controls the entity. In assessing its power over the entities, management considers:

- the direct and indirect interest the Group holds in each entity;
- the relationship the Group has with Deakin, the research and development provider and other large shareholder of each entity;
- and the relationship the Group has with BNNTTL, 51.02% owned by the Group and 28.57% owned by Deakin, which is the supplier of BNNT to the entity, and whether there is a long term supply agreement in place.

The Group considers that it is contracted to provide both funding and commercialising the development of the BNNT application projects each entity undertakes, it provides key management personnel, critical services, technology, supplies and raw materials thus it is responsible for affecting the outcomes and economic returns of the entity.

#### Determining the lease term of contracts with renewal and termination options - Group as lessee

In the previous year, the Group determined the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under the property leases with BNNTTL, to lease the properties for two additional terms of three years each. The Group applies judgement in evaluating whether it is reasonably certain to exercise

the option to renew. That is, it considers all the relevant factors that create an economic incentive for it to exercise the renewal and reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (i.e. change in business strategy). The Group did include the two renewal periods as part of the lease term.

#### Capitalisation of impairment of intangibles - development costs

The Group capitalises costs for product development projects. Initial capitalisation of costs is based on Management's judgement, after making inquiries from engineers, scientists and other qualified professionals that technological and economic feasibility is confirmed. In determining the amounts to be capitalised, Management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and expected period of benefits.

This includes significant investment in the development of new manufacturing processes to fully automate the BNNT continuous production. Further investment is incurred in BNNT application projects to undertake the research and development of new and existing technologies and products where BNNT can be used to create and/or improve these technologies and products.

Intangible assets not yet ready for use require an annual impairment test. Management has used significant judgement to determine there was no impairment that occurred after the initial recognition of the intangible asset. Management made this assessment using either:

- estimated future cash flows from the investment; or
- Using a market capitalisation to determine the implied value of the company and its assets was well in excess of the carrying value of the intangible assets.

Based on the information available to support the estimates made, Management concluded there was no impairment charge of the intangibles at the reporting date (2021: nil);

#### Impairment of non-current assets

Management has used significant judgement to evaluate conditions specific to the Group that indicate individual assets may be impaired in relation to property, plant and equipment. Based on the information available to Management, there were no such indicators at the reporting date.

#### Investment in a joint venture

Management has used significant judgement to determine there was no objective evidence of impairment, as a result of one or more events that occurred after the recognition of the investment on the 30 June 2022, which might impact on the estimated future cash flows from the investment. Based on the information available to Management, there was no impairment indicators for the investments in a joint venture at the reporting date (see Note 22.1).

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2022

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.24 Significant accounting judgements, estimates and assumptions (continued)

#### Investment in equity instruments

Management has used significant judgement to determine the fair value of the investment in Zeta Energy LLC which LIS has made an investment in (see Notes 18 and 21.1).

#### Recognition of goodwill and subsequent assessment for impairment

Management has used significant judgement to identify and determine the fair value of the assets and liabilities acquired when PPK gained control of BNNTTL and accounted for the change as a business combination Note (22.1.3).

Management has used significant judgement to evaluate the conditions specific to the Group that goodwill may be impaired. Based on the information available to Management, no impairment expense was required to be recorded at the reporting date.

#### Share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant.

PPK has a new long term incentive plan called the Executive Rights Plan which is managed by a Trust on behalf of executives and senior managers who are offered Performance Rights which can be converted to PPK shares on a one-for-one basis subject to meeting the vesting conditions. There were two tranches issued during the financial year; Special Catch-Up Grant and FY22 Performance Rights.

Management has reviewed the terms and conditions of each tranche to determine the value of each Right, the service period for which each Right pertained to, the vesting period for each Rights and the period for which the Rights are expensed (Note 5.1).

#### Tax Losses Carried Forward

Tax losses can be carried forward and deducted from assessable income in later income years provided the Group meets either the continuity of ownership test or the business continuity test. Management uses significant judgement to determine that the tax losses can be carried forward.

#### Deferred Tax Asset

Deferred tax asset is only recognised to the extent that there is reasonable certainty of realising future taxable amounts sufficient to recover the carrying value. Due to carry forward tax losses and an expectation that the current challenging industry conditions would continue in the short term, the Directors assessed that deferred tax assets would only be recognised to the extent of, and offset against, available deferred tax liabilities.

### 2.25 Earnings per share

#### Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of PPK, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares during the year.

#### Diluted earnings per share

Earnings used to calculate diluted earnings per share are calculated by adjusting the basic earnings by the after-tax effect of dividends and interest associated with dilutive potential ordinary shares. The weighted average number of shares used is adjusted for the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

### 2.26 GST

Revenues and expenses are recognised net of GST except where GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet. Cash flows are included in the cash flow statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

### 2.27 Investment properties

Investment properties are initially measured at cost including transaction costs. Subsequent to initial measurement, investment properties are carried at cost, less depreciation and any impairment losses. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probably that future economic benefit associated with the item will flow to the Group. Depreciation on investment properties is calculated on a straight-line basis over the estimated useful life of the asset of 25 years. Land is not depreciated.

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

Gains and losses on disposals are calculated as the difference between the net disposal proceeds and the asset's carrying amount and are included in the statement of profit or loss in the year that the item is derecognised.

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2022

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.28 Going concern

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

On 29 August 2022, being the date of approval of the financial report, the Directors believe it is appropriate to prepare the financial report on a going concern basis. In making this assessment the Directors have identified and considered:

- \$53.008M of cash of which PPK has \$4.810M of cash;
- PPK has \$1.620M of managements fees owing from CIB and \$0.600M of secured loans from PPKMEG to be repaid in the next financial year;
- PPK will receive at least \$1.278M of management fees from subsidiary companies and associates for providing shared support services in the next financial year;
- PPK has strategic ownership in ASX listed companies which have a market value of approximately \$0.892M and would be available for sale, if required;
- LIS, a subsidiary which PPK owns 290.849M shares listed on the ASX on 28 September 2021. The shares are escrowed until 27 September 2023 and would be available for sale, if required;
- WGL, of which PPK owns 81.000M shares, is in the process of a capital raise at \$0.50 per share. On successful completion of the capital raise, the value of PPK's shares is \$40.500 million and they would be available for sale, if required;
- The only fixed interest debt required to be paid is \$2.250M loan secured against the property investment that has an estimated value of more than \$5.500M.
- PPK has a loan of \$2.000M with PPKMEG to be repaid within two years;
- All subsidiaries will have sufficient funds to finance their planned research and development programs, once WGL completes its capital raise which is in progress;
- Current assets have increased from \$32.196M to \$55.658M and working capital has increased from \$31.306M to \$52.261M;
- Subsequent to the year end, the guarantee and indemnity provided to PPKMEG was terminated.
- The loss of cashflow from the listing or sale of the Disposal Group will not impact the Group's going concern for the reasons noted above.

The Group has increased its net tangible asset per share from 72.34 cents to 81.83 cents.

## NOTE 3 REVENUE AND OTHER OPERATING INCOME

### 3.1 Revenue from contracts with customers

#### Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from the operating segments and other income as disclosed in Note 4 from contracts with customers:

Segments	Notes	Consolidated Entity	
		2022 \$000	2021 \$000
<b>Type of goods or services</b>			
Sale of goods		27	-
Rendering of services		1,620	-
<b>Total revenue from contracts with customers</b>		<b>1,647</b>	<b>-</b>
<b>Timing of revenue recognition</b>			
Goods transferred at a point in time		27	-
Services rendered over time		1,620	-
<b>Total revenue from contracts with customers</b>		<b>1,647</b>	<b>-</b>

#### Geographic location of Customers

In the 2022 financial year, the operating segments operate only in Australia.

## Notes to the Consolidated Financial Statements

for the year ended 30 June 2022

### NOTE 3 REVENUE AND OTHER OPERATING INCOME (continued)

#### 3.1 Revenue from contracts with customers (continued)

##### Customer Concentration

In the 2022 financial year, segment revenues were earned from subsidiary companies and eliminated on consolidation or from an associate or a joint venture and recognised in the rendering of services category of revenue. Hence, customer concentration was predominantly from related parties.

#### 3.2 Other Operating Income (Loss)

	Notes	Consolidated Entity	
		2022 \$000	2021 \$000
Rental income	4.1	311	44
Foreign exchange gain (loss) on financial assets at FVTPL	6.1	251	(289)
Gain (loss) on financial assets at FVTPL	6.1	(419)	(383)
Gain (loss) on sale of financial assets at FVTPL		49	-
Finance income		174	55
Impairment of a loan		(112)	-
Grant income		-	2
		<b>254</b>	<b>(571)</b>

### NOTE 4 SEGMENT INFORMATION

The Group applies AASB 8 Operating Segments whereby segment information is presented using a “management approach” i.e. segment information is provided on the same basis as information used for internal reporting purposes by the chief operating decision makers.

Operating segments have been determined on the basis of reports reviewed by the Directors. The Directors are considered to be the chief operating decision makers of the Group.

With the restructuring of the Group over the past two years, PPK has become a technology incubation and commercialisation company with its main focus on the manufacture and sale of BNNT and as an incubator for BNNT application companies and other innovative university or externally sourced science and technologies. As these companies mature into commercial operations, independent board and management are appointed to manage these companies on behalf of the various shareholders.

These companies are differentiated by the amount of involvement PPK has with their operations. As either the major shareholder or having responsibilities to commercialise the technologies, PPK maintains an active role in the management of these companies through the appointment of directors and other key management personnel. As a result, the reportable segments for 30 June 2022 are as follows:

PPK deems that it controls these companies and accounts for them as subsidiary companies and includes:

- BNNT Technology Limited
- Li-S Energy Limited
- White Graphene Limited
- BNNT Precious Metals Limited
- Strategic Alloys Pty Ltd
- 3D Dental Technology Pty Ltd

For those companies which PPK does not control the operations of the business and is reliant on the management to operate the business, PPK equity accounts these entities and they includes:

- Advanced Mobility Analytics Group Pty Ltd
- Craig International Ballistics Pty Ltd
- Ballistic Glass Pty Ltd
- Survivon Pty Ltd



## Notes to the Consolidated Financial Statements

for the year ended 30 June 2022

### NOTE 4 SEGMENT INFORMATION (continued)

#### 4.1 Year ended 30 June 2022

Reportable Segments	Notes	Technology			Total \$000
		Subsidiary Companies \$000	Associates and Joint Ventures \$000	<sup>(1)</sup> Corporate \$000	
Revenue from contracts with customers <sup>(2)</sup>	3.1	27	-	1,620	1,647
Rental income	3.2	47	-	264	311
Gain on re-measurement of equity interest at fair value		-	-	11,648	11,648
Foreign exchange gain (loss) on financial assets at FVTPL		251	-	-	251
Gain (loss) on financial assets at FVTPL		-	-	(419)	(419)
Gain (loss) on sale of financial assets at FVTPL		-	-	49	49
Finance income		45	-	129	174
Impairment of a loan		-	-	(112)	(112)
Share of profit (loss) of an associate and a joint venture		-	(4,039)	-	(4,039)
<b>Total revenue and other income</b>		<b>370</b>	<b>(4,039)</b>	<b>13,179</b>	<b>9,510</b>
<b>Segment expenses include</b>					
Administration expenses	21.4.1	(7,884)	-	(5,080)	(12,964)
Share based payment expense	5.3	(821)	-	(600)	(1,421)
Costs to defend a dispute of a business acquisition		-	-	(839)	(839)
Short term leases		(70)	-	(220)	(290)
Interest expense		(36)	-	(43)	(79)
Depreciation and amortisation		(835)	-	(106)	(941)
Total expenses		(9,646)	-	(6,888)	(16,534)
<b>Segment profit (loss)</b>		<b>(9,276)</b>	<b>(4,039)</b>	<b>6,291</b>	<b>(7,024)</b>
Current assets		48,118	-	7,540	55,658
Non-current assets		49,190	10,762	5,366	65,318
<b>Total assets</b>		<b>97,308</b>	<b>10,762</b>	<b>12,906</b>	<b>120,976</b>
Current liabilities		1,875	-	338	2,213
Non-current liabilities		7,522	-	<sup>(3)</sup> (1,344)	6,178
<b>Total liabilities</b>		<b>9,397</b>	<b>-</b>	<b>(1,006)</b>	<b>8,391</b>
<b>Total net assets</b>		<b>87,911</b>	<b>10,762</b>	<b>13,912</b>	<b>112,585</b>

(1) Does not include \$1.887M in management fees charged by the corporate office to provide shared support services to the subsidiary companies, eliminated on consolidation.

(2) Does not include \$0.119M of intercompany sales in subsidiary companies, eliminated on consolidation

(3) Includes adjustments eliminating interest in related party transactions.

## Notes to the Consolidated Financial Statements

for the year ended 30 June 2022

### NOTE 4 SEGMENT INFORMATION (continued)

#### 4.2 Year ended 30 June 2021

Reportable Segments (Restated)	Notes	Technology			Total \$000
		Subsidiary Companies \$000	Associates and Joint Ventures \$000	Corporate \$000	
Revenue from contracts with customers		-	-	-	-
Rental income	3.1	44	-	-	44
Foreign exchange gain (loss) on financial assets at FVTPL	3.2	(289)	-	-	(289)
Gain (loss) on financial assets at FVTPL		-	-	(383)	(383)
Finance income	3.2	55	-	-	55
Grant income	3.2	2	-	-	2
Share of profit (loss) of an associate and a joint venture		-	(198)	-	(198)
<b>Total revenue and other income</b>		(188)	(198)	(383)	(769)
<b>Segment expenses include</b>					
Administration expenses	21.4.1	(2,050)	-	(2,444)	(4,494)
Share based payment expense	5.3	(127)	-	(139)	(266)
Costs to defend a dispute of a business acquisition		-	-	(361)	(361)
Short term leases		-	-	(219)	(219)
Interest expense		-	-	-	-
Depreciation and amortisation		(66)	-	-	(66)
<b>Total expenses</b>		(2,243)	-	(3,163)	(5,406)
<b>Segment profit (loss)</b>		(2,431)	(198)	(3,546)	(6,175)
Current assets		20,337	-	11,849	32,186
Non-current assets		25,521	(1)	7,353	32,874
<b>Total assets</b>		45,858	-	19,202	65,060
Current liabilities		470	-	420	890
Non-current liabilities		-	-	13	13
<b>Total liabilities</b>		470	-	433	903
<b>Total net assets</b>		45,388	-	18,769	64,157

The presentation for the previous period has been restated to conform to the current year. The above excludes non-current assets and liabilities held for sale.

(1) Does not include \$28.126M of PPK Investments in Associates

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2022

## NOTE 5 SHARE BASED PAYMENT EXPENSE

### 5.1 PPK Share Based Payments

PPK has two share payment programs for employee remuneration; the Executive Rights Plan and the Long Term Incentive Plan.

#### Executive Rights Plan

For this financial year, there were two tranches issued; Special Catch-Up Grant of Performance rights and FY22 Performance Rights. The terms and conditions of each Performance Right are identical except for the Measurement Period. A summary follows:

Term	Each Right has a Term of 15 years and, if not exercised within that Term the Rights will lapse.
Performance Rights	Each vested Right can be exercised for one share in PPK Group Limited.
Measurement Period	The Measurement Period for the Special Catch-Up Grant is a period of 2 years ending on 30 June 2023.  The Measurement Period for the FY22 Performance Rights is a period of 3 years from 1 July 2021.
Vesting Conditions	The nature and weighting of the vesting conditions are consistent for each Participant but the KPIs are tailored for the role than each Participant performs. The Remuneration & Nomination Committee will use their judgement to assess whether the KPIs have been met.

Nature	Weighting
Strategic Goals	40%
Operational Goals	40%
ESG Goals	20%

	No of Rights	Share Price	Rights Value	2022 Expense	2023 Expense
Special Catch-Up Grant	61,913	\$5.30	\$328,138	\$164,069	\$164,069
FY22 Performance Rights	82,298	\$5.30	\$436,180	\$436,180	-
Total				\$600,249	\$164,069

The Rights for both Tranches were granted by the Board effective on 11 March 2022, the share price was determined based on a 20 day VWAP being \$5.30 per share and all the employees accepted the Rights on or about 10 March 2022 being the grant date. There are no exercise prices for these rights.

The Special Catch-Up Grant Rights are expensed on a straight-line basis from 1 July 2021 to 30 June 2023 being the service period for each Participant.

The FY22 Performance Rights were fully expensed this financial year in line with their service period condition as they are in relation to the Participant's June 2022 remuneration, although the assessment of the KPIs are determined over a three year period.

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2022

## NOTE 5 SHARE BASED PAYMENT EXPENSE (continued)

### 5.1 PPK Share Based Payments (continued)

#### LTI Plan

For the previous financial year, PPK had an LTI in place which is managed as a Trust on behalf of two directors, an executive and senior managers of the Group. The Directors determined who were offered Performance Rights, which can be converted to PPK shares on a one-for-one basis subject to the PPK share price meeting set price targets and the executive director and employees continuing their employment to the vesting date. The LTI was approved by shareholders at the Annual General Meeting on 27 November 2018.

PPK can issue shares to the Trustee or fund the purchase of PPK shares, in the open market, on behalf of the Trustee. Once this occurs, the Trustee will hold the PPK shares on behalf of the participants until such time that the vesting conditions for Performance Rights are met. Once the vesting conditions are met, the participants can apply to have the shares sold or transferred to the applicable participant.

All performance and vesting conditions were met on 1 July 2021 and all performance rights were vested.

Two directors, D McNamara and A McDonald, participate in the LTI on the same terms and conditions as the Executives and Senior Managers. D McNamara was offered 400,000 performance rights with 100,000 performance rights vesting in Tranche 1 through to Tranche 4 subject to retention of his services to meet the vesting conditions. The performance rights were approved by the shareholders at the Annual General Meeting on 27 November 2018.

A McDonald was offered 50,000 performance rights due to the time and services provided in connection with the BNNT acquisition and its subsequent development and advancement and this was approved by the shareholders at the Annual General Meeting on 26 November 2019. The performance rights vest in four equal tranches of 12,500 at the same dates as the existing performance rights, subject to retention of his services to meet the vesting conditions.

All performance and vesting conditions for D McNamara and A McDonald were met on 1 July 2021 and all performance rights were vested.

PPK had an Exempt Employee Share Plan which offered \$1,000 worth of fully paid PPK ordinary shares. In February 2020 0.024M shares were allotted to employees for which they were restricted in selling, transferring or otherwise dealing with their shares for three years while they were employees of the Company. The employees were employed by PPK Mining Equipment Pty Ltd and the restrictions were removed with the demerger of this company on 29 June 2022.

### 5.2 Group Share Based Payments

Group companies also have share based payments. While the purpose and approach of each plan are consistent with that of PPK, the plans are tailored of the requirements of each individual entity and the directors and executives that participate may not be key management personnel of PPK.

#### 5.2.1 LIS Share Payments

LIS has two share payment programs, one for non-executive directors and one for executives.

#### *NED Equity Plan*

The Non-Executive Directors were granted 2,160,000 Service Rights on 1 May 2021 under the LIS NED Equity Plan. Each Service Right converts to one ordinary fully paid Share in the Company. These Service Rights were granted in lieu of the Directors taking remuneration as directors fees for the three years ending 30 April 2024 and vest in three equal tranches on 30 April 2022, 2023 and 2024, providing the NED holds the office of NED on those dates. Each consecutive tranche commences annually on the vesting date of the prior tranche. All NEDs met the vesting requirements for Tranche 1.

The number of Service Rights are calculated by dividing the amount of sacrificed fees by the Share price of \$0.50 per Share being the price at which Shares were issued in the April 2021 capital raise. The fair value of these Service Rights at the time that they were granted have been independently valued at \$0.50 each. A total expected expense should all Service Rights vest of \$1,080,000 will be recorded in the profit and loss over the forward 3-year period post grant, in accordance with their vesting profile.

## Notes to the Consolidated Financial Statements

for the year ended 30 June 2022

### NOTE 5 SHARE BASED PAYMENT EXPENSE (continued)

#### 5.2 Group Share Based Payments (continued)

##### *Executive Rights Plan*

On 12 November 2020, the CEO of LIS was granted 1,000,000 Service Rights which vest in four equal tranches on 30 April 2022, 2023, 2024 and 2025, subject to continuity of his engagement during the Measurement Periods. The Service Rights at the time that they were granted have been independently valued at \$0.065 each and have a nil exercise price. A total expected expense should all Service Rights vest of \$65,000 will be recorded in the profit and loss over the forward four year period post grant, in accordance with their vesting profile. Each consecutive tranche commences annually on the vesting date of the prior tranche and, if the CEO ceases his employment during a tranche, then Service Rights for that tranche will vest in proportion to the time elapsed as served in the tranche and all subsequent tranches will lapse. The vesting requirements for Tranche 1 were met.

On 15 June 2022, the CTO of LIS was granted 200,000 Service Rights which vest on 30 June 2022 providing he continued to be employed up to and including that date. The Service Rights were valued at \$0.425 each, being the closing share price at the date of the grant and have a nil exercise price. The CTO met the vesting requirements for this Tranche and \$65,000 has been recorded in the profit and loss for this financial year. Service Rights that have vested may be exercised any time after 30 June 2024.

Each Service Right or Performance Right is an entitlement, upon vesting and exercise, to an ordinary fully paid Share in the Company. Any unvested Service Rights that do not vest will lapse. The fair value of the NED Service Rights and the CEO Service Rights was determined using a Black Scholes model. As the Service Rights are exercisable for \$Nil the fair value of each Service Right is the difference between \$Nil and the fair value of a share on the date of grant. All other Black Scholes variables have no impact on the valuation. The share price of 50 cents and .065 cents was determined to be the share price at date of issue based on approximate capital raisings completed to the grant date.

#### 5.3 Share Based Payments

	Notes	Consolidated Entity	
		2022 \$000	2021 \$000
Subsidiary Companies	4.1	821	127
PPK Parent Company	4.1, 5.1	600	139
Disposal Group	13	-	152
		<b>1,421</b>	418

## Notes to the Consolidated Financial Statements

for the year ended 30 June 2022

### NOTE 6 CASH FLOW INFORMATION

	Notes	Consolidated Entity	
		2022 \$000	2021 \$000
<b>6.1 Reconciliation of profit (loss) after income tax to the cash provided by operating activities</b>			
Profit (loss) after income tax from continuing operations		(6,521)	(5,576)
Profit (loss) after income tax from discontinued operations		(649)	(742)
Profit (loss) after tax		(7,170)	(6,318)
Cash flows in operating activities but not attributable to operating result:			
Non-cash flows in operating profit:			
Income tax benefit	7	(503)	(599)
Unrealised foreign exchange (gain) loss	4.1	(251)	289
Unrealised (gain) loss on financial assets at FVTPL	4.1	419	383
Realised (gain) loss on sale of financial assets at FVTPL	4.1	(49)	-
Amortisation	4.1	835	121
Depreciation	4.1	106	2,354
Impairment of a loan	4.1	112	-
Share of profit of associates and a joint venture, after tax	4.1	4,039	198
Share based payments expense	5.3	1,421	418
Gain on re-measurement of equity interest at fair value	22.1.3	(11,648)	-
Accounting loss on demerger of disposal group held for sale	13	4,391	-
Loss (gain) on sale of plant & equipment		-	89
Loss (profit) on impairment of inventories		-	85
Changes in assets and liabilities:			
Decrease (increase) in trade and other receivables		(1,663)	1,648
Decrease (increase) in prepayments		9	(144)
Decrease (increase) in inventories		697	(508)
(Decrease) increase in provisions		448	112
(Decrease) increase in trade creditors and accruals		737	(877)
Net cash (used in) provided by operating activities		(8,070)	(2,749)
<b>6.2 Reconciliation of Cash</b>			
For the purposes of the cash flow statement, cash includes:			
Cash on hand		-	1
Call deposits with financial institutions		53,008	30,364
	14	53,008	30,365

## Notes to the Consolidated Financial Statements

for the year ended 30 June 2022

### NOTE 7 INCOME TAX EXPENSE

	Notes	Consolidated Entity	
		2022 \$000	2021 \$000
<b>(a) The prima facie tax payable (benefit) on the profit (loss) before income tax is reconciled to the income tax expense as follows:</b>			
Profit (loss) before tax - Continuing Operations		(7,024)	(6,175)
Profit (loss) before tax - Disposal Group		(649)	(742)
Profit (loss) before tax		(7,672)	(6,917)
Prima facie tax payable (benefit) at 25.0% (2021: 26.0%)		(1,918)	(1,798)
(Non-assessable income) non-deductible expenses		(7)	135
Current year losses for which no deferred tax asset was recognised		2,124	-
Deferred tax assets related to equity transactions		(346)	650
Current year temporary differences for which no deferred tax asset or liability was recognised		242	(35)
Other		(598)	449
Income tax expense (benefit)		(503)	(599)
The applicable weighted average effective tax rates are as follows:		6.6%	8.6%
All income tax expense/(benefit) is attributable to continuing operations in 2022 and 2021.			
<b>(b) The components of tax expense comprise:</b>			
Current tax		1,172	(356)
Deferred tax		(1,729)	(243)
Share of associates tax expenses		-	-
(Over) under provision in respect of prior years		54	-
Income tax expense (benefit)		(503)	(599)
<b>(c) Recognised in the Statement of Financial Position</b>			
Deferred tax assets - tax losses		410	2,536
Deferred tax assets - temporary differences		624	1,719
Deferred tax liabilities - temporary differences		(1,288)	(3,333)
Total		(254)	922

## Notes to the Consolidated Financial Statements

for the year ended 30 June 2022

### NOTE 7 INCOME TAX EXPENSE (continued)

	Notes	Consolidated Entity	
		2022 \$000	2021 \$000
<b>(d) Not recognised in the Statement of Financial Position</b>			
<i>Unrecognised deferred tax assets/deferred tax liabilities</i>			
Tax losses		7,274	3,022
Temporary differences		1,364	-
<b>Total</b>		<b>8,638</b>	3,022
<i>Movements</i>			
Opening balance		3,003	3,003
Tax losses not recognised current year		2,062	64
Adjustment for change in applicable tax rate		(131)	(45)
Reversal and de-recognition of deferred tax assets and liabilities		2,853	-
Temporary differences not recognised current year		791	-
Adjustment related to transfer of losses from acquisition		60	-
<b>Closing balance</b>		<b>8,638</b>	3,022

A deferred tax asset of \$0.785M was recognised during the year in LIS. A deferred tax liability of \$1.039M was recognised during the year in BNNT.

The unrecognised tax loss asset is based on the Group's estimated available tax losses in the parent and its tax consolidated group and controlled entities. These losses are subject to the finalisation of 2022 statutory income tax returns. The benefit of these losses will only be available in future periods should the Group a) continue to comply with the requirements of relevant legislation to carry these losses forward; b) generate sufficient taxable income to utilise; and changes to relevant legislation do not cause the losses to be lost.

### NOTE 8 AUDITORS' REMUNERATION

Remuneration of the auditor of the Company for:		
<u>Audit Services</u>		
Group audit fee per Financial Statements (including all subsidiaries)	400,701	316,856
<u>Audit-related Services</u>		
Independent Limited Assurance Report for LIS IPO	43,350	-
<u>Non-audit Services</u>		
Tax compliance services and general taxation advice	232,975	247,805
<b>Total fees for services provided</b>	<b>677,026</b>	564,661



# Notes to the Consolidated Financial Statements

for the year ended 30 June 2022

## NOTE 9 PPK KEY MANAGEMENT PERSONNEL REMUNERATION

### 9.1 Key management personnel remuneration

	Notes	Consolidated Entity	
		2022 \$	2021 \$
Short-term benefits		2,249,133	2,118,334
Share-based payments		590,144	264,207
Post-employment benefits		55,000	50,000
		<b>2,894,277</b>	2,432,541

The above table discloses remuneration for the Group. During the reporting period, the Group recognises the Directors and the Chief Financial Officer/Chief Operating Officer of PPK Group Limited as being the key management personnel (see Note 35). See the Directors' Report for details of their remuneration policy and benefits as well as remuneration received from other related entities.

### 9.2 Equity Instruments

PPK's Chief Financial Officer participates in the PPK Executive Rights Plan, subject to retention of his services to meet the vesting conditions. A PPK Director participates in the PPK LTI Plan and all his Rights have vested.

### 9.3 Loans

There were no loans or advances to PPK's key management personnel or their related parties in the current financial or previous financial years.

## NOTE 10 DIVIDENDS

### (a) Dividends paid

2022 2.81 cent per share special ordinary dividend, which was fully satisfied by an in specie distribution of shares in PPK Mining Equipment Group Limited (PPKMEG)<sup>(1)</sup> PPK has received advice from its tax advisers that the special dividend should qualify as non-assessable non-exempt income for tax purposes for Australian residents.

2,509	-
<b>2,509</b>	-

2021 2.5 cent special ordinary fully franked was paid by a distribution in specie of shares in LIS held by PPK on the basis of 0.3846 LIS share for every 1 PPK share held

-	2,220
---	-------

2022 nil interim ordinary fully franked dividend was declared or paid (2021: 1 cent ordinary fully franked dividend)

-	859
---	-----

2022 No final ordinary dividend was declared or paid (2021: nil)

-	3,079
---	-------

### (b) Dividends declared after balance date

-	-
---	---

### (c) Franked dividends

Franking credits available for subsequent financial years based on a tax rate of 25% (2021 - 26%)<sup>(2)</sup>

234	14
-----	----

(1) PPK also completed a tax-free return of capital of 15.11 cents per share. The combined effect of the above is that PPK shareholders (other than foreign shareholders) received 1 share in PPKMEG for every 1 share held in PPK.

(2) The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- franking credits that will arise from the payment of the current tax liability;
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date;
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date; and
- franking credits that may be prevented from being distributed in subsequent financial years.

## Notes to the Consolidated Financial Statements

for the year ended 30 June 2022

### NOTE 10 DIVIDENDS (continued)

The consolidated amounts include franking credits that would be available to the parent entity if distributable profits of subsidiaries were paid as dividends.

#### (d) reconciliation of dividends paid

	Consolidated Entity			
	\$000 In Specie of Shares	\$000 Cash	\$000 Dividend Reinvestment Plan	\$000 Total
2022				
2.81 cent per share special ordinary dividend, which was fully satisfied by an in specie distribution of shares in PPK Mining Equipment Group Limited (PPKMEG) <sup>(1)</sup>	2,509	-	-	2,509
2021				
2.5 cent special ordinary fully franked was paid by a distribution in specie of shares in LIS held by PPK on the basis of 0.3846 LIS share for every 1 PPK share held	2,220	-	-	2,220
2021 1 cent interim ordinary fully franked dividend paid	-	-	-	-
2020 1 cent final ordinary fully franked dividend paid	-	376	483	859
	2,220	376	483	3,079
Dividends for treasury shares	17	7	-	24
	2,203	369	483	3,055

### NOTE 11 EARNINGS PER SHARE

	Consolidated Entity	
	2022	2021
Earnings per share (in cents)		
Basic	(8.0)	(6.3)
Diluted	(8.0)	(6.3)
Earnings per share from continuing operations (in cents)		
Basic	(7.3)	(5.4)
Diluted	(7.3)	(5.4)
Earnings per share from discontinued operations (in cents)		
Basic	(0.7)	(0.8)
Diluted	(0.7)	(0.8)
	\$000	\$000
<b>(a) Reconciliation of Earnings to Net Profit</b>		
Earnings used in calculating Basic and Dilutive EPS from continuing operations	(6,521)	(4,737)
Earnings used in calculating Basic and Dilutive EPS from discontinued operations	(649)	(742)
Profit (loss) for the year	(7,170)	(5,479)
	No.	No.
<b>(b) Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS</b>	89,244,396	87,621,784
<b>(c) Weighted average number of potential ordinary shares outstanding during the year used in calculation of diluted EPS<sup>(1)</sup></b>	89,244,396	87,621,784

The weighted average number of ordinary shares outstanding used in calculating diluted earnings per share has not been adjusted for the 61,913 Special Catch-Up Grant performance rights and the 82,298 FY22 Performance Rights issued during the financial right as they are anti-dilutive.

## Notes to the Consolidated Financial Statements

for the year ended 30 June 2022

### NOTE 12 PARENT ENTITY INFORMATION

The following detailed information relates to the parent entity, PPK Group Limited at 30 June 2022. The information presented here has been prepared using consistent accounting policies as presented in Note 2.

	Notes	2022 \$000	2021 \$000
Current assets		151	1,000
Non-current assets		43,844	59,945
<b>Total assets</b>		<b>43,995</b>	60,945
Current liabilities		3	172
Non-current liabilities		-	-
<b>Total liabilities</b>		<b>3</b>	172
<b>Net assets</b>		<b>43,992</b>	60,773
Contributed equity <sup>(1)</sup>		62,173	75,348
Retained earnings		(18,251)	(14,575)
<b>Total equity</b>		<b>43,992</b>	60,773
Profit (loss) for the year (including impairments) <sup>(2)</sup>		(1,666)	3,160
Impairment relating to demerger of disposal group held for sale <sup>(3)</sup>		(6,813)	-
Dividends received		7,381	-
Dividends paid	10	(2,509)	(3,079)
Other comprehensive income (loss) for the year		-	-

(1) In addition to the Parent Entity contributed equity, the Group's consolidated Contributed Equity includes Treasury Shares of \$0.109M (see Note 30.4).

(2) Non-current asset balances include investments in subsidiaries which are held at cost or net recoverable value after impairments.

(3) The impairment is the difference between the book value of the disposal group held for sale and the fair market value of \$16.000M as determined by an independent third party.

See Note 34 for contingent assets and liabilities.

### NOTE 13 DISPOSAL GROUP HELD FOR SALE

In the 2020 Annual Report, separation of the PPK mining equipment business (PPKMEG) was disclosed in the Chairman's Report and on 29 June 2022 and PPKMEG was demerged from PPK on that date.

At 30 June 2021 PPKMEG was classified as Disposal Group assets held-for-sale and the Mining Equipment segment was no longer presented in the segment note. The information presented in Note 13 includes the revenues, expenses and cashflow that were consolidated in PPK's financial results for the period to 29 June 2022, being the date that the demerger was effected.

## Notes to the Consolidated Financial Statements

for the year ended 30 June 2022

### NOTE 13 DISPOSAL GROUP HELD FOR SALE (continued)

The results of the Disposal Group for the year are presented below:

Statement of Profit or Loss	Notes	2022 \$000	2021 \$000
Revenue from contracts with customers		36,659	32,651
Rental income		1,200	1,381
		<b>37,859</b>	34,032
Other income		12	66
Total revenue and other income		<b>37,871</b>	34,098
Expenses			
Cost of sales		<b>(28,567)</b>	(26,765)
Employee expenses		<b>(2,586)</b>	(2,463)
Share based payment expense	5.3	-	(152)
Administration expenses		<b>(2,560)</b>	(2,349)
Warranty costs		-	(146)
Short-term leases		<b>(319)</b>	(359)
Impairment of assets		-	(86)
Depreciation		-	(2,392)
Interest expense		<b>(97)</b>	(128)
Total expenses		<b>34,129</b>	34,840
<b>Profit (loss) before tax expense from discontinued operations</b>		<b>3,742</b>	(742)
Income tax expense (benefit) attributable to profit		-	-
<b>Profit (loss) after tax expense from discontinued operations</b>		<b>3,742</b>	(742)
<b>Accounting loss on demerger of disposal group held for sale</b>		<b>(4,391)</b>	-
		<b>(649)</b>	<b>(742)</b>

If PPKMEG was not classified as a disposal group held for sale, the depreciation and amortisation of the fixed assets, right-of-use assets and intangible assets would have been \$2.459M in this period.

Significant accounting policies for the Statement of Profit or Loss for the Disposal Group, not previously disclosed, are:

#### Revenue and revenue recognition

Revenue arises mainly from the:

- sale of manufactured non-mining products; and
- sale, service, support and rental of underground coal mining vehicles, equipment and parts.

To determine whether to recognise revenue, the Group follows a 5 step process:

1. Identifying the contract with a customer;
2. Identifying the performance obligation;
3. Determining the transaction price;
4. Allocating the transaction price to the performance obligations; and
5. Recognising revenue when/as performance obligations are satisfied.

Revenue is recognised, based on the transaction price allocated to the performance obligation, after consideration of the terms of the contract and customary business practices. The transaction price is the amount of the consideration that the Disposal Group expects to be entitled to receive in exchange for transferring the promised goods or services to a customer, excluding amounts collected on behalf of third parties (ie sales taxes and duties). The consideration promised in a contract with a customer may include fixed amounts, variable amounts or both.

The following specific recognition criteria must also be met before revenue is recognised:

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2022

## NOTE 13 DISPOSAL GROUP HELD FOR SALE (continued)

### Sale of goods

Revenue from the sale of manufactured non-mining products, mining equipment, spare parts or CoalTrams built for inventory purposes are recognised at a point in time, in most cases when they leave the warehouse and control has passed to the buyer. Revenue is measured at the fair value of consideration received or receivable, net of returns, trade allowances and duties and taxes paid.

### Rendering of Services

Performance obligations for the repair and maintenance of underground coal mining vehicles and equipment are satisfied over time and the Group recognises the revenue over time for one of the following reasons:

- the Disposal Group's performance creates or enhances an asset (ie work in progress) that the customer controls as the asset is created or enhanced or;
- the Disposal Group's performance does not create an asset with an alternative use and the Disposal Group has an enforceable right to payment for performance completed to date.

In almost all cases, the asset that is being created or enhanced is owned by the customer and the Group only performs repair and maintenance on the asset. At contract inception, it is determined that the customer has contractual ownership of the asset and the Disposal Group has an enforceable right to payment for performance completed to date. The transaction price is determined by customary business practices, generally a signed purchase order from the customer, which identifies the consideration the Disposal Group expects to be entitled in exchange for transferring the promised goods or services to the customer. The transaction price is the stand-alone selling price at contract inception.

For each performance obligation satisfied over time, the Disposal Group recognises revenue over time by measuring the progress towards complete satisfaction of the performance obligation. The Disposal Group uses the cost-based input method to determine satisfaction of the performance obligation by measuring the labour hours expended, the cost of materials consumed and other costs incurred relative to the total expected costs to be incurred at the contract inception to satisfy the performance obligation to determine the percentage of completion. The Group then applies the percentage of completion to the total transaction price to calculate the percentage of revenue to be recognised at a point in time. On a monthly basis, the Group remeasures its progress towards complete satisfaction of a performance obligation over time.

In almost all cases, the performance obligation is satisfied within one to two months of contract inception.

### Lease Income on operating leases

Lease income on mining equipment is accounted for on a straight-line basis over the term of the lease agreement and is included in revenue in the statement of profit or loss due to its operating nature.

### Interest income

Revenue is recognised as it accrues using the effective interest rate method. The effective interest method uses the effective interest rate which is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial asset.

### Government Grants

Income from government grants is recognised at their fair value where there is a reasonable assurance that the grant will be received, and the Company will comply with all attached conditions. When the grant relates to an income item, it is recognised in the profit and loss when the Company will comply with all attached conditions. When the grant relates to an expense item, it is recognised in the profit and loss as other operating income on a systematic basis over the periods in which the Company recognises as expense the related costs for which the grants are intended to compensate. When the grant relates to an asset, it is presented in the statement of financial position by deducting the grant in arriving at the carrying amount of the asset.

### Operating expenses

Operating expenses are recognised in the profit or loss upon utilisation of the services or at the date of their origin.

### Contract assets

The costs incurred to fulfil a contract with a customer were recognised when:

- the costs related directly to a contract or an anticipated contract that the Group could specifically identify;
- the costs generated or enhanced resources of the Group that would be used in satisfying (or in continuing to satisfy) performance obligations of the future; and
- the costs were expected to be recovered.

## Notes to the Consolidated Financial Statements

for the year ended 30 June 2022

### NOTE 13 DISPOSAL GROUP HELD FOR SALE (continued)

#### Inventories

Inventories included raw materials, work in progress and finished goods and were stated at the lower of cost and net realisable value. Costs comprised all direct materials, direct labour and an appropriate portion of variable and fixed overheads. Fixed overheads were allocated based on normal operating capacity. Costs were assigned to inventory using an actual costing system. Net realisable value was the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses.

#### Property, plant and equipment

Land and buildings are brought to account at cost less, where applicable, any accumulated depreciation. After initial recognition, land and buildings are measured at fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Plant and equipment are brought to account at cost less, where applicable, any accumulated depreciation or amortisation and impairment. The cost of fixed assets constructed within the Disposal Group includes the cost of materials used in construction, direct labour and an appropriate proportion of fixed and variable overheads.

The depreciable amount of all fixed assets, including buildings and capitalised leased assets but excluding freehold land, is depreciated over their useful lives to the consolidated entity commencing from the time the asset is held ready for use. Leasehold improvements are amortised over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The gain or loss on disposal of all fixed assets is determined as the difference between the carrying amount of the asset at the time of disposal and the proceeds of disposal, and is included in the profit before income tax of the consolidated entity in the year of disposal.

Class of Fixed Asset	Depreciation Rate Straight Line
Buildings	2.5%
Leasehold Improvements	over the term of the lease
Plant & Equipment	10-50%

#### Significant accounting judgements, estimates and assumptions

The preparation of the Disposal Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities in future periods.

#### Significant Management Judgements

In the process of applying the Disposal Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements.

#### Disposal Group assets held-for-sale

Management has used significant judgement to determine that the Disposal Group is measured at the lower of its carrying amount and fair value less costs to list or sell. This included obtaining an independent valuation as at 28 February 2022 and the carrying amount of the disposal group was more than the fair value less costs to sell so a net adjustment of \$4.391M was made on the date of the demerger.

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2022

## NOTE 13 DISPOSAL GROUP HELD FOR SALE (continued)

### Determining the lease term of contracts with renewal and termination options – Group as lessee

The Disposal Group determined the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Disposal Group has the option, under the property leases, to lease the assets for an additional term of five years. The Disposal Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all the relevant factors that create an economic incentive for it to exercise the renewal and reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (i.e. change in business strategy). The Disposal Group did not include the renewal period as part of the lease term.

The renewal option for leases of motor vehicles are not included as part of the lease term because the Disposal Group typically leases motor vehicles for not more than four years, hence it is not exercising any renewal periods. The renewal option for leases of forklifts are not included as part of the lease term because the Disposal Group typically does not exercise any renewal periods.

### Recognition of fixed contract revenues

Recognising the stage of completion for fixed price contracts and applicable work in progress requires significant judgement in determining the actual work completed and the estimated amount of labour and materials required to complete the work.

### Impairment of raw materials and finished goods- prior period judgements

Management has used significant judgement to determine the net realisable value, based on the most reliable evidence available at the time the estimates are made, of the amount that inventories are expected to realise and the estimate of costs to complete. The net realizable value is based on management's analysis of stock movements for all individual stock items:

For CoalTrams, heavy machinery, pneumatic, hydraulic and small mining equipment parts there is a four step process:

- Management reviews the stock items which had no sales during the year and:
  - Provides for 50% of the inventory value as impaired for those stock items which have no sales for more 1 year; and
  - Provides for 100% of the inventory value as impaired for those stock items which have no sales for more than 3 years.
- Management then reviews the remainder of the stock items and, for those which management consider to be slow moving:
  - Provides for 15% of the inventory value as impaired for those stock items with stock holdings of 1 to 2 years;
  - Provides for 35% of the inventory value as impaired for those stock items with stock holdings of 2 to 3 years;
  - Provides for 55% of the inventory value as impaired for those stock items with stock holdings of 3 to 4 years;
  - Provides for 75% of the inventory value as impaired for those stock items with stock holdings of 4 to 5 years;
  - Provides for 95% of the inventory value as impaired for those stock items with stock holdings of more than 5 years.
- Management then reviews the remainder of the stock items, forecasts future stock sales for the next 1 year and, for those stock items which appear to be in excess of sales, an impairment provision is made using the same formulas as that of slow moving stock.
- Finally, management then performs a review of the remainder of the stock items to determine the net realisable value and, if any additional impairment provisions should be made or if there is a reversal of the impairment provisions made in previous years.

The review done in the 2022 financial year resulted in no write down of inventory as a result of fair value measurement required for assets held for sale (2021: \$0.085M).

## Notes to the Consolidated Financial Statements

for the year ended 30 June 2022

### NOTE 13 DISPOSAL GROUP HELD FOR SALE (continued)

#### Impairment of work in progress- prior period judgement

Management has used significant judgement to determine the net realisable value, based on the most reliable evidence available at the time the estimates are made, of the amount that work in progress are expected to realise and the estimate of costs to complete. The net realizable value is based on management's analysis of work in progress for individual jobs on a three step process:

- Provides for 50% of the work in progress value as impaired for those jobs which have been in progress for more than 6 months;
- Management then performs a review of these jobs to determine if any specific jobs will be completed and total costs will be less than the expected revenue to determine if any jobs should be removed from the impairment provision;
- Reviews individual jobs that are less than 6 months old to determine if they will be completed, total costs will be less than the expected revenue to determine if any additional impairment provision should be made to determine net realisable value.

#### Impairment of intangibles – development costs- prior period judgement

The Disposal Group capitalises costs for product development projects. Initial capitalisation of costs is based on Management's judgement, after making inquiries from engineers and other qualified professionals that technological and economic feasibility is confirmed. In determining the amounts to be capitalised, Management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and expected period of benefits.

This includes significant investment in the development of new technology and enhancements for the CoalTram and a new battery electric vehicle for transporting personnel (mantransporter).

Intangible assets not yet ready for use require an annual impairment test. Management has used significant judgement to determine there was no impairment that occurred after the initial recognition of the intangible asset. Management made this assessment using estimated future cash flows from the investment. Based on the information available to support the estimates made, Management concluded there was no impairment charge of the intangibles at the date of initial classification as held for sale.

#### Provision for expected credit losses (ECL) of trade receivables and contract assets- prior period judgement

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of customer segments that have similar risk characteristics (i.e. customer type, probable credit risk, market size). The provision matrix is based on the historical credit loss experience for the customer segments and adjusted for forward-looking information. For example, if forecast economic conditions are expected to deteriorate over the coming year in a specific industry, which could lead to an increased number of defaults, then the historical default rates are adjusted. At every reporting date, the historical credit loss experience is reviewed and updated, if appropriate, and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical credit loss experience, forecast economic conditions and ECLs is a significant estimated. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast economic conditions may also not be representative of customer's actual credit default in the future. Management has considered the possible impacts of the COVID-19 pandemic on the required expected credit loss provisions and determined that no material levels of increased risk are present based on current conditions. The information about the ECLs on the Group's trade receivables is as follows:

The Group recognised two distinct customer segments:

- those that are major customers, the majority of which are listed public companies of which the Group has a long history of providing goods and services. This customer segment represents 88% of the cash inflows during the ECL review period for which the historical credit loss experience was determined and there were no historical losses during this period.
- the other customer segment includes smaller listed public companies, large private companies and the remaining customers that the Group provides goods and services. At 30 June 2021 no significant provision was determined to be required for these customers as at the date the assets were classified as held for sale.



## Notes to the Consolidated Financial Statements

for the year ended 30 June 2022

### NOTE 13 DISPOSAL GROUP HELD FOR SALE (continued)

Management has considered the possible impacts of the COVID-19 pandemic on the required expected credit loss provisions and determined that no material levels of increased risk are present based on current conditions.

The major classes of assets and liabilities of the Disposal Group classified as held for sale are:

Statement of Financial Position	30 June 2022 \$000	29 June 2022 \$000	30 June 2021 \$000
<b>Assets</b>			
Cash	-	(620)	545
Inventories	-	12,018	11,427
Trade and other current assets	-	6,419	6,947
Fixed assets	-	4,486	6,363
Intangibles	-	2,080	3,452
Assets held for sale	-	24,383	28,734
<b>Liabilities</b>			
Creditors and provisions	-	(6,383)	(5,358)
Lease liabilities	-	-	(2,077)
Liabilities directly associated with assets held for sale	-	(6,383)	(7,435)
<b>Net assets directly associated with disposal group</b>	-	18,000	21,299

The net cash flows incurred by PPKMEG are:

	Notes	2022 \$000	2021 \$000
Opening balance		545	974
Net cash inflow (outflow) from operating activities		3,584	2,040
Net cash inflow (outflow) from investing activities		(1,281)	(746)
Net cash inflow (outflow) from financing activities		(3,467)	(1,723)
Closing balance		(619)	545
<b>Earnings per share</b>		<b>2022 cents</b>	<b>2021 cents</b>
Basic from discontinued operations		(0.7)	(0.8)
Diluted from discontinued operations		(0.7)	(0.8)

PPKMEG was independently valued as at 28 February 2022 and the carrying amount of the disposal group was more than the fair value less costs to sell so a net adjustment of \$4.391M was made on the date of the demerger.

## Notes to the Consolidated Financial Statements

for the year ended 30 June 2022

### NOTE 14 CASH AND CASH EQUIVALENTS - CURRENT

	Notes	Consolidated Entity	
		2022 \$000	2021 \$000
Cash at bank and on hand	6.2	53,008	30,365
<b>Total</b>		<b>53,008</b>	<b>30,365</b>

### NOTE 15 TRADE AND OTHER RECEIVABLES - CURRENT

Trade receivables	15.1	1,829	45
GST receivable		348	-
Loans - secured	15.2	-	1,569
Loans - unsecured	15.3	-	107
		<b>2,177</b>	1,721
Less: allowance for expected credit losses		-	-
<b>Total</b>		<b>2,177</b>	<b>1,721</b>

#### 15.1 Trade receivables

Current trade receivables are non-interest bearing and are generally 30 to 60 day terms.

#### 15.2 Loans - secured

In the previous financial year, loans were short term to unrelated third parties and secured by a registered first mortgage over property of the borrower and a registered security interest (fixed and circulating) on the PPSR by way of a loan offer, loan agreement, general security interest agreement and deed of guarantee and indemnity and mortgage. All loans and interest have been repaid.

#### 15.3 Loans - unsecured

Loan is short term to an associated entities with interest capitalised at 4.52% (2021: nil) per annum.

### NOTE 16 INVENTORIES - CURRENT

<b>Inventories</b>		<b>313</b>	-
Net realisable value		-	-
Raw materials		-	-
Finished goods		313	-
Work in progress		-	-
		<b>313</b>	-

## Notes to the Consolidated Financial Statements

for the year ended 30 June 2022

### NOTE 17 OTHER ASSETS

	Notes	Consolidated Entity	
		2022 \$000	2021 \$000
<b>CURRENT</b>			
Prepayments		160	110
<b>NON-CURRENT</b>			
Deposits		97	-

### NOTE 18 INVESTMENT - NON - CURRENT

Financial assets at FVTPL		3,402	4,472
Listed equity investments	2.16	892	2,214
Unlisted equity investment	2.16	2,510	2,258
		3,402	4,472

The fair value of listed equity investments are determined by reference to the published closing price of the shares on the ASX on 30 June 2022.

On 13 May 2022, Zeta Energy was converted from an LLC "taxed as a partnership" to a C Corporation, LIS's interest was converted to 1,729,000 shares of Class B common stock and Zeta Energy has confirmed the shares are valued at USD1.00 per share at 30 June 2022. The valuation of the investment at USD1,729,000 equates to AUD\$2.510M at the prevailing exchange rate on 30 June 2022 of \$0.6889.

### NOTE 19 INTEREST BEARING LOANS - NON- CURRENT

Interest bearing loan - unsecured		2,000	-
-----------------------------------	--	-------	---

As a consideration of the demerger of PPK Mining Equipment Group Limited, PPK provided an unsecured loan. Interest is fixed for the period of the loan at 4.52%, capitalised monthly against the loan, and due for re-payment on 30 June 2024.

### NOTE 20 INVESTMENT PROPERTY - NON - CURRENT

Investment Property		4,102	-
Land		1,663	-
Buildings - at cost		2,516	-
Less: Accumulated depreciation		(77)	-
		2,439	-
		4,102	-

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2022

## NOTE 20 INVESTMENT PROPERTY - NON - CURRENT (continued)

The purchase price of the land and building of \$4.102M, including transaction costs, was apportioned between the land and the building based on an estimate of the cost to purchase development land in the same location and the cost to build a comparable building at the time the investment property was purchased. Subsequent costs are included in the assets carrying amount only when it is probable that future economic benefits associated with the asset will flow to the Company.

The building is being depreciated on a straight-line basis over the estimated useful life of 25 years.

The investment property is leased to Mask Innovation (Note 37.1.5), a subsidiary of an associated company, for \$240,000 per annum, plus outgoings, with CPI increases on an annual basis and market reviews at the beginning of an option period. The lease expires on 26 August 2024 and has two three-year option periods at the option of the tenant.

## NOTE 21 SUBSIDIARY COMPANIES

During the 2022 financial year, PPK had three subsidiaries that had material transactions which were consolidated in the PPK financial statements; LIS, WGL and BNNTTL.

### 21.1 LIS

Li-S Energy (LIS) was incorporated on 12 July 2019 with the objective of utilising BNNTTL and Deakin's existing technology and research to develop a battery technology based on more advanced lithium-sulphur chemistry, where BNNTs and other nanomaterials are incorporated into battery components to:

- Improve battery energy capacity when compares to current lithium-ion batteries; and
- Improve cycle life when compared to conventional lithium-sulphur batteries.

LIS was listed on the ASX on 24 September 2021 and commenced trading on 28 September 2021.

The Company has had significant development successes through this financial year, including scaling their lithium sulphur test cells from single layer to the 20-layer cells under construction, building its first 10-layer lithium metal test cells and successfully completing its first drone test flights.

On the commercial side LIS has acquired three strategic collaboration partners, Boeing's Insitu Pacific in the drone target market, Janus Electric in the heavy EV target market and Magnix in the electric aviation target market. These partnerships will enable LIS to hone in on the battery requirements of each product category, while it continues to test and optimise its cell chemistry and scale up the size and volume of its cell production capability.

The company continues to pursue its business and development strategies, as outlined in its IPO Prospectus, and has achieved significant technical successes enabling it to refine these strategies.

The summarised financial information of LIS is provided below. This information is based on amounts before inter-company eliminations. At the beginning of the year, PPK's direct interest in LIS was 48.46% and BNNTTL held 6.7%. After the completion of the capital raise of \$34.000 million in September, as part of the IPO, PPK's direct interest was 45.43% and BNNTTL was reduced to 4.69% after a sale of 10.000 million shares in July at \$0.85 per share, resulting in direct and indirect control of 50.12% of shares on issue.

## Notes to the Consolidated Financial Statements

for the year ended 30 June 2022

### NOTE 21 SUBSIDIARY COMPANIES (continued)

#### 21.1 LIS (continued)

Summarised statement of financial position	Notes	2022 \$000	2021 \$000
<b>Assets</b>			
Cash and cash equivalents		43,853	18,607
Trade and other receivables		157	226
Other current assets		63	68
Property, plant and equipment		1,092	121
Intangible assets		3,317	992
Investments		2,510	2,258
Deferred tax asset		785	921
Other non-current assets		240	-
<b>Total asset</b>		<b>52,017</b>	<b>23,193</b>
<b>Liabilities</b>			
Trade and other payables		(743)	(444)
Lease and provisions		(281)	-
<b>Total liabilities</b>		<b>(1,024)</b>	<b>(444)</b>
<b>Total identifiable net assets</b>		<b>50,993</b>	<b>22,749</b>
Non-controlling interest		26,647	10,769
<b>Net assets attributable to the Group</b>		<b>24,346</b>	<b>11,980</b>
<b>Summarised statement of profit or loss</b>			
Revenue from contracts with customers		-	-
Other income		90	-
Administration expenses <sup>(1)</sup>		(1,679)	(277)
IPO expenses <sup>(1)</sup>		(2,382)	(1,193)
Professional fees <sup>(1)</sup>		(891)	(218)
Management fees		(600)	(200)
Directors' fees <sup>(1)</sup>		-	(50)
Finance costs		(7)	(1)
Share based payments expense		(821)	-
Depreciation and amortisation expense		(232)	(55)
Unrealised gain (loss) on investment at FVTPL		251	(289)
<b>Profit (loss) for the year before income tax (continuing operations)</b>		<b>(6,271)</b>	<b>(2,283)</b>
Income tax benefit (expense)		-	599
<b>Profit (loss) for the year after income tax (continuing operations)</b>		<b>(6,271)</b>	<b>(1,684)</b>
Attributable to:			
Equity holders of parent		(3,193)	(1,231)
Non-controlling interest		(3,078)	(1,053)

(1) Total of \$4.952M (2021: \$1.738M) disclosed as Administration expenses in Note 21.4.1

## Notes to the Consolidated Financial Statements

for the year ended 30 June 2022

### NOTE 21 SUBSIDIARY COMPANIES (continued)

#### 21.2 WGL

WGL was incorporated on 24 August 2020 as an application project under the Joint Venture Research Agreement with Deakin University ("Deakin") and PPK Group Limited ("PPK"). The principal activity of WGL is to establish the world's first pilot plant for large scale production of white graphene by the ball milling method ("project") and to commercialise revenues from white graphene.

This project was under research at Deakin University for more than 10 years and WGL has an exclusive global license to commercialise products for a period of twenty years. Deakin has two patents pending, which are licensed to WGL and WGL has lodged a further two patents itself. It is intended that all intellectual property developed will vest in WGL.

During the year Deakin commenced an eighteen-month research and development program to further the work previously undertaken to determine the most efficient industrial processes including automation, and to ultimately design, manufacture and test the pilot plant. This year Deakin has completed the build of a small-scale production pilot plant which is producing more than 100g of white graphene per 7 hour shift. The next phase is to build the larger scale production plant capable of producing 1 kg of white graphene per shift. The equipment for this has been ordered and should be completed this calendar year.

WGL has also entered into further research and development projects with Deakin to:

- fast track eight applications for the use of white graphene mixed with other composites;
- test white graphene and polymer composites for hydrogen pipeline coatings; and
- test the anti-corrosion/erosion coatings using white graphene in various composites.

The first two of the eight application projects provided highly encouraging results with the addition of relatively small amounts of white graphene significantly improving polymer coating mechanical performance in a number of areas, including water resistance/hydrophobic improvements, moisture impermeability, wear resistance and anti-bacterial properties. A further three application projects will be conducted during this calendar year.

The testing of white graphene and polymer composites for hydrogen pipeline and anti-corrosion/erosion coatings will also be conducted later this calendar year.

The Company raised \$1,960,000 by issuing 4,900,000 shares at \$0.40 per share in September 2021 from Sophisticated Investors. WGL intended to use these proceeds to further advance an IPO but with the weakness experienced in the investment markets this calendar year, the IPO was deferred pending an improvement in market sentiment. In the meantime, WGL will continue to further advance the research and development projects and seek revenue opportunities from the sale of white graphene.

The summarised financial information of White Graphene is provided below. This information is based on amounts before inter-company eliminations. At the beginning of the year, PPK's direct interest in WGL was 59.8% and BNNTTL held 9.2%. After a \$1.960 million capital raise at \$0.40 per share in September, which PPK invested \$0.800 million, PPK's direct interest was 58.8% and BNNTTL was 8.7%.

## Notes to the Consolidated Financial Statements

for the year ended 30 June 2022

### NOTE 21 SUBSIDIARY COMPANIES (continued)

#### 21.2 WGL (continued)

Summarised statement of financial position	Notes	2022 \$000	2021 \$000
<b>Assets</b>			
Cash and cash equivalents		422	2,005
Trade and other current assets		58	46
Property, plant and equipment		563	384
Intangible assets		1,675	-
		<b>2,718</b>	<b>2,435</b>
<b>Liabilities</b>			
Trade and other payables		(87)	(8)
		<b>(87)</b>	<b>(8)</b>
<b>Total identifiable net assets</b>		<b>2,631</b>	<b>2,427</b>
Attributable to:			
Non-controlling interest		940	864
<b>Net assets attributable to the Group</b>		<b>1,691</b>	<b>1,563</b>
<b>Summarised statement of profit or loss</b>			
Revenue from contracts with customers		-	-
Administration expenses <sup>(1)</sup>		(229)	(55)
Professional fees <sup>(1)</sup>		(1,275)	(15)
Management fees		(120)	(100)
Directors' fees <sup>(1)</sup>		(60)	(50)
Depreciation and amortisation expense		(72)	(11)
Foreign exchange gain (loss) on financial assets at FVTPL		-	(3)
Profit (loss) for the year before income tax (continuing operations)		(1,756)	(234)
Income tax benefit (expense)		-	-
<b>Profit (loss) for the year after income tax (continuing operations)</b>		<b>(1,756)</b>	<b>(234)</b>
Attributable to:			
Equity holders of parent		(1,033)	(154)
Non-controlling interest		(723)	(80)

(1) Total of \$1.564M (2021: \$0.120M) disclosed as Administration expenses in Note 21.4.1

#### 21.3 BNNTTL

BNNTTL's principal activity is to manufacture and sell boron nitride nanotubes (BNNT) and during the year it expanded its manufacturing plant and became the lowest cost producer of BNNT globally. On 7 March 2022, BNNTTL signed a 3 year lease with two 3-year options for approximately 1,000m<sup>2</sup> at Deakin's Waurin Pond campus thus providing capacity to expand and operate two new 6 furnace modules (SM6 modules) in addition to the two existing 4 furnace modules (SM4 modules) already in production. Once commissioned, BNNTTL's production capacity is expected to increase to around 500 kilograms per annum with > 95% purity. BNNTTL is now well placed to meet future BNNT demand.

With the significantly larger production facility, there is a requirement to take the existing automation processes and enhance these across the complete production facility so that significant labour and cost savings can be achieved.

## Notes to the Consolidated Financial Statements

for the year ended 30 June 2022

### NOTE 21 SUBSIDIARY COMPANIES (continued)

#### 21.3 BNNTTL (continued)

The summarised financial information of BNNTTL is provided below. This information is based on amounts before inter-company eliminations. At the beginning of the year, PPK's interest in BNNTTL was 51% but as a result of changes in control on 4 August 2021, BNNTTL became a subsidiary. PPK accounted for the change as a business combination in accordance with AASB 3 *Business Combinations* (Note 22.1.3).

Summarised statement of financial position	Notes	2022 \$000
<b>Assets</b>		
Cash and cash equivalents		3,912
Other current assets		2,182
Property, plant and equipment		1,932
Intangible assets		2,629
Investments		16,400
Other non-current assets		1,037
<b>Total asset</b>		<b>28,092</b>
<b>Liabilities</b>		
Current liabilities		(893)
Other current liabilities		(1,172)
Deferred tax liability		(4,656)
<b>Total liabilities</b>		<b>(6,721)</b>
Total identifiable net assets		21,371
Non-controlling interest		10,519
<b>Net assets attributable to the Group</b>		<b>10,852</b>
<b>Summarised statement of profit or loss<sup>(1)</sup></b>		
Revenue from contracts with customers		82
Cost of sales		(58)
Gross profit		24
Other income		2
Gain (loss) on financial assets at FVTPL		
Gain (loss) on sale of financial assets at FVTPL		
Employee benefit expense <sup>(1)</sup>		(787)
Administration expense <sup>(1)</sup>		(385)
Management fees		(1,052)
Depreciation and amortisation expense		(531)
Finance costs		(29)
Profit (loss) for the year before income tax (continuing operations)		(2,758)
Income tax benefit (expense)		698
Profit (loss) for the year after income tax (continuing operations)		(2,060)
Attributable to:		
Equity holders of parent		(1,051)
Non-controlling interest		(1,009)

(1) Total of \$1.172M (2021: nil) disclosed as Administration expenses in Note 21.4.1

For the period from 4 August 2021, previously BNNTTL was a joint venture and equity accounted (Note 22.1.3).



## Notes to the Consolidated Financial Statements

for the year ended 30 June 2022

### NOTE 21 SUBSIDIARY COMPANIES (continued)

#### 21.4 Summary of Subsidiary Expenses

##### 21.4.1 Administration Expenses

	Notes	2022 \$000	2021 \$000
LIS	21.1	4,952	1,520
WGL	21.2	1,564	120
BNNTTL	21.3	1,172	-
Other		196	530
Total		7,884	2,050

### NOTE 22 INVESTMENTS IN ASSOCIATES AND A JOINT VENTURE - NON - CURRENT

Investment in associates and a joint venture	10,762	28,126
22.1 Investment in a joint venture	1,492	20,735
22.1.1 Investment in Survivon	1,492	-

Survivon owns the intellectual property for the copper mask technology and the mask manufacturing company Mask Innovations (MI). PPK has a 47.62% interest which is accounted for using the equity method in the consolidated financial statements.

#### Summarised Statement of financial position

Current assets	879	-
Non-current assets	5,611	-
Current liabilities	(4,381)	-
Non-current liabilities	(294)	-
<b>Equity</b>	<b>1,816</b>	<b>-</b>
Group's share in equity - 47.62%	864	-
Adjustment for loan from PPK	628	-
<b>PPK's carrying amount of the investment</b>	<b>1,492</b>	<b>-</b>
<b>Summarised statement of profit (loss)</b>		
Revenue from contracts with customers	923	-
Profit (loss) for the year before income tax (continuing operations)	(7,634)	-
Income tax benefit (expense)	-	-
Profit (loss) for the year after income tax (continuing operations)	(7,634)	-
Total comprehensive income (loss) for the year after income tax (continuing operations)	(7,634)	-
Group's share of profit (loss) for the year	(3,636)	-
Adjustment for interest charged by PPK	7	-
PPK's share of profit (loss)	(3,629)	-

## Notes to the Consolidated Financial Statements

for the year ended 30 June 2022

### NOTE 22 INVESTMENTS IN ASSOCIATES AND A JOINT VENTURE - NON - CURRENT (continued)

	Notes	Consolidated Entity	
		2022 \$000	2021 \$000
<b>22.1.2 Investment in BNNTTL</b>		-	20,735
The summarised financial information of BNNTTL, based on its audited financial statements, and a reconciliation with the carrying amount of the investment in the consolidated financial statements are set out below:			
<b>Summarised Statement of financial position<sup>(1)</sup></b>			
Current assets		10,418	2,787
Non-current assets		34,278	28,122
Current liabilities		(3,338)	(935)
Non-current liabilities		(7,420)	(6,281)
<b>Equity</b>		<b>33,938</b>	<b>23,693</b>
Group's share in equity - 51.0% (2021: 51%)		17,315	11,847
Adjustment of investment in LIS at fair value		(9,490)	(7,341)
Adjustment of investment in WGL at fair value		(1,183)	(1,183)
Adjustment for share buyback		1,000	1,000
Adjustment for interest charged by PPK		(4)	(4)
Recognition of Group's share of the profit (loss)		(395)	(50)
Intangibles		16,466	16,466
		<b>23,709</b>	<b>20,735</b>
Reclassify as a subsidiary from business combination		(23,709)	-
<b>PPK's carrying amount of the investment</b>		<b>-</b>	<b>20,735</b>
<b>Summarised statement of profit or loss<sup>(1)</sup></b>			
Revenue from contracts with customers		-	478
Cost of sales		-	(42)
Gross profit		-	436
Other income		14,000	24,951
Employee expenses		(70)	(488)
Administration expenses		(331)	(319)
Depreciation and amortisation		(58)	(583)
Finance costs		-	(9)
Royalty expenses		-	(24)
Foreign exchange gain (loss)		-	-
Profit (loss) for the year before income tax (continuing operations)		13,541	23,964
Income tax benefit (expense)		(3,200)	(6,268)
Profit (loss) for the year after income tax (continuing operations)		10,342	17,696
Total comprehensive income (loss) for the year after income tax (continuing operations)		10,341	17,696

## Notes to the Consolidated Financial Statements

for the year ended 30 June 2022

### NOTE 22 INVESTMENTS IN ASSOCIATES AND A JOINT VENTURE - NON - CURRENT (continued)

	Notes	Consolidated Entity	
		2022 \$000	2021 \$000
Adjustment for investment in LIS at fair value		(14,000)	(21,750)
Adjustment for tax effect of investment in LIS at fair value		3,200	5,655
Adjustment for investment in WGL at fair value		-	(3,198)
Adjustment for tax effect of investment in WGL at fair value		-	832
Adjustment for intercompany sales of BNNT		-	(420)
Adjustment for tax effect of intercompany sales of BNNT		-	109
Adjustment for interest charged by PPK		-	(6)
Adjusted total comprehensive income (loss) for the year after income tax (continuing operations)		(459)	(1,082)
PPK's share of profit (loss)		(234)	(541)

(1) For the period ending 4 August 2021 when the investment was a joint venture and equity accounted. Subsequent to this, BNNTTL became a subsidiary as a result of a business combination (Note 22.1.3).

See Note 2.24 for more detail.

On 16 July 2021 sold 10,000,000 shares in Li-S for \$8,500,000.

#### 22.1.3 Change in Accounting for BNNTTL

On 4 August 2021, the Shareholders and Directors of BNNTTL executed a Deed of Variation of Shareholders Agreement with BNNTTL pursuant to which a number of material changes were made, relevantly resulting in:

- Deakin having a single nominee on the board;
- AIC Investment Corporation being entitled to nominate two directors being Robin Levison and Mark Winfield;
- The directors appointed Glenn Molloy as Chairman;
- Ordinary Decisions of Shareholders will require a simple of votes cast by the Shareholders;
- Special Majority Decisions of the Board is 75%;

As a result of the above changes, PPK gained control of BNNTTL on 4 August 2021 and accounted for the change as a business combination in accordance with AASB 3 *Business Combinations*. PPK was required to re-measure its previously held equity interest in BNNTTL at fair value as at 4 August 2021 and recognise the resulting gain or loss in profit or loss. Following the business combination, PPK consolidates BNNTTL as a subsidiary and no longer accounts for its interest as a joint venture (Note 21.3).

To determine the resulting gain or loss and the value of the goodwill recognised, PPK performed the following three step process:

*Step 1 - Re-measure previously held equity interest in a joint venture at its acquisition fair value and recognise the resulting gain or loss:*

	Notes	4 August 2021 \$000
Fair value of equity interest in BNNTTL <sup>(1)</sup>		35,357
Less: Carrying value of investment in a joint venture		(23,709)
Gain on re-measurement of equity interest at fair value		11,648

## Notes to the Consolidated Financial Statements

for the year ended 30 June 2022

### NOTE 22 INVESTMENTS IN ASSOCIATES AND A JOINT VENTURE - NON - CURRENT (continued)

Notes	4 August 2021 \$000
<i>Step 2 - Identify the fair value of identifiable net assets:</i>	
<b>Assets</b>	
Cash and cash equivalents	8,677
Trade and other current assets	1,741
Property, plant and equipment	2,798
Intangibles	2,780
<b>Total assets</b>	<b>15,996</b>
<b>Liabilities</b>	
Trade and other payables	(643)
Income tax payable	(2,715)
Deferred tax liability	(709)
<b>Total liabilities</b>	<b>(4,067)</b>
<b>Fair value of identifiable net assets acquired</b>	<b>11,929</b>

*Step 2 - Calculate the amount of goodwill acquired:*

Consideration transferred	35,357
Less: Fair value of BNNTTL's identifiable net assets acquired	(11,929)
	23,428
Non-controlling interest in BNNTTL, based on proportionate share of identifiable net assets	5,843
Goodwill	29,271

(1) Where the Group owns an associate or joint venture which has a holding in a subsidiary, the Parent's interest in the subsidiary is determined based on both the directly held interest and the effective interest indirectly held by the associate or joint venture (a look through approach). Accordingly, in accounting for the business combination of BNNTTL, the fair value of the previously held equity interest in BNNTTL, the identifiable net assets of BNNTTL acquired, and non-controlling interest in BNNTTL will be adjusted to exclude BNNTTL's interest in LIS and WGL.

If BNNTTL had been acquired on 1 July 2021, revenue for PPK to 4 August 2021 would have been nil and PPK would have recognised a pre-tax loss of \$0.234M (Note 22.1.2).

See Note 36.4 for related party balances.

	Consolidated Entity	
	2022 \$000	2021 \$000
<b>22.2 Investment in associates</b>	<b>9,270</b>	7,391
19.2.1 Craig International Ballistics Pty Ltd	<b>5,417</b>	5,831
19.2.2 AMAG Holdings Australia Pty Ltd	<b>3,791</b>	1,500
19.2.3 Ballistic Glass Pty Ltd	<b>62</b>	60
	<b>9,270</b>	7,391

## Notes to the Consolidated Financial Statements

for the year ended 30 June 2022

### NOTE 22 INVESTMENTS IN ASSOCIATES AND A JOINT VENTURE - NON - CURRENT (continued)

#### 22.2.1 Investment in CIB

CIB which is an unlisted Australian company that is a leading manufacturer of soft and hard ballistic (body armour) products primarily for the security and defence sectors. PPK has a 45% interest in CIB and which is accounted for using the equity method in the consolidated financial statements.

The following table illustrates the summarised financial information of the Group's investment in CIB:

Summarised Statement of financial position	Notes	Consolidated Entity	
		2022 \$000	2021 \$000
Current assets		7,877	3,901
Non-current assets		14,284	14,651
Current liabilities		(5,953)	(1,030)
Non-current liabilities		(3,869)	(4,243)
<b>Equity</b>		<b>12,339</b>	13,279
PPK's share in equity - 45% (2020: 45%)		5,553	5,976
Adjustment of investment in LIS at fair value		(127)	(145)
Adjustment for interest charged by PPK		(9)	-
<b>PPK's carrying amount of the investment</b>		<b>5,417</b>	5,831
<b>Summarised statement of profit (loss)</b>			
Revenue from contracts with customers		15,943	8,627
Profit (loss) for the year before income tax (continuing operations)		(536)	1,472
Income tax benefit (expense)		234	(388)
Profit (loss) for the year after income tax (continuing operations)		(302)	1,084
Total comprehensive income (loss) for the year after income tax (continuing operations)		(302)	1,084
PPK's share of profit (loss) for the year <sup>(1)</sup>		(136)	488
Adjustment of investment in LIS at fair value		20	(145)
Adjustment for interest charged by PPK		9	-
PPK's share of profit (loss)		(107)	343

After management fees paid to PPK of \$1.620M.

<b>22.2.2 Investment in AMAG</b>		<b>3,791</b>	1,500
----------------------------------	--	--------------	-------

AMAG developed the world's first Safe Mobility Alert Real Time (SMART) and released three modules during the year and is signing contracts with cities and government departments in a number of countries for the SMART services. PPK had a 20% interest in AMAG at 30 June 2021 and increased its investment to 35% at 30 June 2022 which is accounted for using the equity method in the consolidated financial statements.

For the previous year, the Group's share of fair values of the identifiable assets and liabilities of AMAG were as at the date of the acquisition, being 16 December 2020, on a provisional basis. The provisional financial information has not required to be re-stated, reflecting the final acquisition accounting:

## Notes to the Consolidated Financial Statements

for the year ended 30 June 2022

### NOTE 22 INVESTMENTS IN ASSOCIATES AND A JOINT VENTURE - NON - CURRENT (continued)

	Consolidated Entity	
	2022 \$000	2021 \$000
<b>Assets</b>		
Cash		1,083
Non-current assets <sup>(1)</sup>		6,521
Current liabilities		(104)
Total identifiable net assets at fair value		7,500
Purchase consideration transferred		1,500
<b>Purchase consideration transferred</b>		
Cash		1,500

AMAG is developing software for new markets and recognises software development as an intangible asset. AMAG financial results for the year is as follows:

<b>Investment in AMAG</b>		
Current assets	<b>1,097</b>	1,083
Non-current assets <sup>(1)</sup>	<b>11,264</b>	6,521
Current liabilities	<b>(520)</b>	(104)
Non-current liabilities	<b>(1,009)</b>	
<b>Equity</b>	10,832	7,500
PPK's share in equity - 35% (2021: 20%)	3,791	1,500
<b>PPK's carrying amount of the investment</b>	<b>3,791</b>	
<b>Summarised statement of profit (loss)</b>		
Revenue from contracts with customers	<b>595</b>	130
Profit (loss) for the year before income tax (continuing operations)	(272)	-
Income tax expense (benefit)	68	-
Profit (loss) for the year after income tax (continuing operations)	(204)	-
Total comprehensive income (loss) for the year after income tax (continuing operations)	(204)	-
PPK's share of profit (loss) from current year	(67)	-
Adjustment for PPK share of profit (loss) from previous year	(2)	
PPK's total share of profit (loss)	(69)	

(1) Includes \$3.972M of intangible assets for software development.

<b>22.2.3 Investment in Ballistic Glass</b>	<b>62</b>	60
---	-----------	----

Ballistic Glass is developing manufacturing processes for incorporating BNNT into transparent materials to enhance ballistic performance in bullet resistant glass. During the financial year Ballistic Glass Pty Ltd has continued its research into this project. PPK has a 40% interest and CIB has a 20% interest in Ballistic Glass Pty Ltd which are accounted using the equity method in the consolidated financial statements.

## Notes to the Consolidated Financial Statements

for the year ended 30 June 2022

### NOTE 22 INVESTMENTS IN ASSOCIATES AND A JOINT VENTURE - NON - CURRENT (continued)

Summarised Statement of financial position	Notes	2022 \$000	2021 \$000
Current assets		2	10
Non-current assets		57	45
Current liabilities		(5)	(64)
Non-current liabilities		(66)	-
<b>Equity</b>		<b>(12)</b>	<b>(9)</b>
Group's share in equity - 40% (2021: 40%)		(4)	(3)
Adjustment for loan from PPK		66	63
PPK's carrying amount of the investment		62	60
<b>Summarised statement of profit (loss)</b>			
Revenue from contracts with customers		-	-
Profit (loss) for the year before income tax (continuing operations)		(5)	8
Income tax benefit (expense)		-	-
Profit (loss) for the year after income tax (continuing operations)		(5)	8
Total comprehensive income (loss) for the year after income tax (continuing operations)		(5)	8
Group's share of profit (loss) for the year		2	3
Adjustment for interest charged by PPK		(2)	(3)
PPK's share of profit (loss)		-	-
<b>22.3 Share of profit of an associate and a joint venture</b>			
PPK's 47.62% interest in Survivon's profit (loss) for the period as a joint venture before income tax (continuing operations)	22.1.1	<b>(3,629)</b>	-
PPK's 50% interest in BNNTTL's profit (loss) for the period as a joint venture before income tax (continuing operations)	22.1.2	<b>(234)</b>	(541)
PPK's 45% interest of CIB's profit (loss) for the year before income tax (continuing operations)	22.2.1	<b>(107)</b>	343
PPK's 34% interest in AMAG's profit (loss) for the year before income tax (continuing operations)	22.2.2	<b>(69)</b>	-
PPK's 40% interest of Ballistic Glass's profit (loss) for the year before income tax (continuing operations)	22.2.3	-	-
PPK's share of profit (loss)		<b>(4,039)</b>	(198)

## Notes to the Consolidated Financial Statements

for the year ended 30 June 2022

### NOTE 23 PROPERTY PLANT AND EQUIPMENT - NON - CURRENT

	Notes	Consolidated Entity	
		2022 \$000	2021 \$000
Land and buildings - at valuation		-	1,500
Less: Accumulated depreciation		-	(67)
		-	1,433
Reclassified to assets-held-for sale		-	(1,433)
		-	-
Plant and equipment - at cost		7,771	9,450
Less: accumulated depreciation and impairment		(2,333)	(6,059)
		5,439	3,391
Reclassified to assets-held-for sale		-	(2,861)
Total property, plant and equipment of continuing operations		5,439	530

	Land & Buildings \$000	Plant & Equipment \$000	Total \$000
<b>Consolidated - 2022</b>			
Carrying amount at start of year		530	530
Revaluation		-	-
Additions <sup>(1)</sup>		3,108	3,108
Realised as a change in accounting for a business combination 22.1.3		2,798	2,798
Disposals		(1)	(1)
Transfers		-	-
Depreciation & amortisation expense		(466)	(466)
Carrying amount at end of year		5,439	5,439
<b>Consolidated - 2021</b>			
Carrying amount at start of year	1,466	3,774	5,240
Revaluation	-	-	-
Additions	-	817	817
Disposals	-	(558)	(558)
Transfers	-	-	-
Depreciation & amortisation expense	(33)	(642)	(675)
	1,433	3,391	4,824
Reclassified to Disposal Group	(1,433)	(2,861)	(4,294)
Carrying amount at end of year	-	530	530

(1) Included in additions of Plant and Equipment of \$3.108M is \$0.118M of employee costs capitalised for the work undertaken in relation to equipment being built.



## Notes to the Consolidated Financial Statements

for the year ended 30 June 2022

### NOTE 24 RIGHT-OF-USE ASSETS

	Notes	Consolidated Entity	
		2022 \$000	2021 \$000
Right-of-use assets - at cost		1,420	5,395
Less: accumulated depreciation and impairment		(164)	(3,327)
		1,256	2,068
Reclassified to Disposal Group		-	(2,068)
		1,256	-
<b>Consolidated - 2021</b>			
Carrying amount at start of year		-	3,628
Revaluation		-	-
Additions		1,427	119
Disposals		-	-
Transfers		69	-
Depreciation & amortisation expense		(240)	(1,679)
		1,256	2,068
Reclassified to Disposal Group		-	(2,068)
<b>Carrying amount at end of year</b>		<b>1,256</b>	<b>-</b>

The subsidiaries have leases with Deakin at commercial rates of between 2 and 9 years on the premises at Waurm Ponds campus in Geelong. The Group have determined that it is reasonably certain that the optional periods will be exercised and have included these within the lease term.

The Group recognised expense from short-term leases of \$0.252M for the period ended 30 June 2022 (2021: \$0.219M).

BNNTTL has received three months rent concessions on its new leases.

### NOTE 25 INTANGIBLE ASSETS AND GOODWILL - NON - CURRENT

Intangibles		37,475	1,622
BNNT application projects - at cost		6,912	1,682
Less: accumulated amortisation and impairment		(383)	(60)
		6,529	1,622
WGL application projects - at cost		1,675	-
Less: accumulated amortisation and impairment		-	-
		1,675	-
Goodwill		29,271	-
Less: Accumulated amortisation and impairment		-	-
		29,271	-
Mining equipment manufacturing - at cost		-	3,515
Less: Accumulated amortisation and impairment		-	(63)
		-	3,452
Reclassified to Disposal Group		-	(3,452)
<b>Carrying amount at end of year</b>		<b>37,475</b>	<b>1,622</b>
Not yet ready for use		5,575	1,622
Other		31,900	-
		37,475	1,622

## Notes to the Consolidated Financial Statements

for the year ended 30 June 2022

### NOTE 25 INTANGIBLE ASSETS AND GOODWILL - NON - CURRENT (continued)

Consolidated - 2022	Notes	Development Costs White Graphene Applications \$000	Development Costs BNNT Applications \$000	Goodwill \$000	Total \$000
Carrying amount at start of year		-	1,622	-	1,622
Additions <sup>(2)</sup>		1,675	2,510	-	4,185
Disposals		-	-	-	-
Transfers		-	-	-	-
Realised as a change in accounting for a business combination <sup>(1)</sup>	22.1.3	-	2,780	29,271	32,051
Amortisation and impairment expense		-	(383)	-	(383)
Carrying amount at year end		1,675	6,529	29,271	37,475

(1) Goodwill has been recognised on the change in accounting for BNNTTL from a joint venture to a subsidiary. The goodwill will be tested against impairment on an annual basis.

(2) Included in additions of Development Costs BNNT Applications of \$2.510M is \$0.311M of additions for intangibles of employee costs capitalised for the work undertaken in relation to intangible assets being developed.

Consolidated - 2021	Notes	Development Costs BNNT Applications \$000	Total \$000
Carrying amount at start of year		446	446
Additions		1,176	1,176
Disposals		-	-
Transfers		-	-
Amortisation and impairment expense		-	-
Carrying amount at year end		1,622	1,622

Refer Note 2.15 and Note 2.24 for more detail.

#### Impairment Testing

The Group has two cash generating units (CGU) being a) BNNT Applications and b) White Graphene Applications. All other assets are not significant and are considered to be of a corporate nature. All goodwill (\$29.271M) has been allocated to the BNNT Applications CGU.

#### Impairment Testing of BNNT Applications CGU

The Group undertook impairment testing of this CGU using a fair value less cost to sell model. The fair value less cost to sell was determined based on a share buyback undertaken during the period of a portion of the share capital related to these activities to imply an enterprise value. Given the early stage of this technology no other adjustments were made. No impairment was noted as a result of this testing.

As the value of goodwill and assets held in the BNNT Applications CGU was determined (apart from current period additions) as a result of business combination accounting which included the allocation of fair value to these assets, any movements in the assumed recoverable value in a negative sense would cause there to be impairment.

#### White Graphene Applications CGU

Intangible assets not yet ready for use require an annual impairment test. Management has used significant judgement to determine there was no impairment that occurred after the initial recognition of the intangible asset. Management made this assessment using the equity raising price recently achieved by the operations in the CGU which implied a value for the CGU in excess of the recorded assets. No adverse events were noted post this equity raising to indicate a decline in recoverable value to 30 June 2022

## Notes to the Consolidated Financial Statements

for the year ended 30 June 2022

### NOTE 26 TRADE AND OTHER PAYABLES - CURRENT

	Notes	Consolidated Entity	
		2022 \$000	2021 \$000
Trade payables - unsecured		787	23
Sundry payables and accruals - unsecured		885	334
<b>Total</b>		<b>1,672</b>	357

### NOTE 27 LEASE AND OTHER LIABILITIES

<b>Current</b>		171	-
<b>Non-current</b>		1,129	-
		<b>1,300</b>	-
Reclassified to Disposal Group - Current		-	(1,681)
Reclassified to Disposal Group - Non-current		-	(1,998)
<b>Total</b>		<b>1,300</b>	-

See Note 2.23.

The subsidiaries have leases with Deakin at commercial rates of between 2 and 9 years on the premises at Waurm Ponds campus in Geelong. The Group has assumed that it is reasonably certain that the option periods will be exercised and have included these in the measurement of the lease liability.

### NOTE 28 INTEREST-BEARINGS LOANS AND BORROWINGS

<b>Current</b>			
Other loans - unsecured		-	399
<b>Total current</b>		-	399
Other loans - unsecured		506	
Other loans - secured		2,250	-
<b>Total non-current</b>		<b>2,756</b>	-
<b>Total</b>		<b>2,756</b>	399

See Note 33.

Per the Shareholders Agreements with the BNNT application projects, shareholders may provide financing in the form of loans to the entities responsible for the application projects. In 2022, loans were charged interest at 4.52% (2021: 3.0%) per annum, are unsecured and payable within three years from the date drawn down. For loans to entities which are subsidiaries, the Group's proportion of the loans are eliminated on consolidation and the loans outstanding are the equity interests of the other shareholders.

PPK has a \$2.250M loan with a major bank which is secured against the investment property (Note 20). Interest is paid monthly at a floating rate calculated at 2.0% above the bank's business lending rate, which at the year end, was 4.98% per annum in total. The loan is required to be repaid on 31 October 2024.

## Notes to the Consolidated Financial Statements

for the year ended 30 June 2022

### NOTE 29 PROVISIONS

	Notes	Consolidated Entity	
		2022 \$000	2021 \$000
<b>Current</b>			
Annual leave		311	134
Long service leave		61	-
<b>Total current</b>		<b>372</b>	134
<b>Non-Current</b>			
Long service leave		-	13
Make good		80	-
<b>Total Non-current</b>		<b>80</b>	13

Annual leave and current long service leave comprise amounts payable that are vested and could be expected to be settled within 12 months of the end of the reporting period.

Non-current long service leave comprises amounts that are not vested at the end of the reporting period and the amount and timing of the payments to be made when leave is taken is uncertain.

Make good provision comprise estimated costs to return leased premises and assets to their contractual agreed condition on expiry of the lease.

### NOTE 30 SHARE CAPITAL

#### 30.1 Issued capital

89,289M (2021: 89,052M) ordinary shares fully paid		75,348	75,348
Movements in ordinary share capital			
Balance at the beginning of the financial year		75,348	59,500
Capital reduction on demerger of PPKMEG		(13,490)	-
New shares issued, net of transaction costs		-	14,597
Shares issued on acquisition, net of costs		-	-
Shares issued from dividend reinvestment plan		-	479
Shares issued for Employee Share Scheme		-	-
Shares issued for Long Term Incentive Plan		317	772
<b>Total</b>		<b>62,175</b>	75,348

## Notes to the Consolidated Financial Statements

for the year ended 30 June 2022

### NOTE 30 SHARE CAPITAL (continued)

#### 30.2 New shares issued

	Notes	Consolidated Entity	
		2022 \$000	2021 \$000
Issued for cash to accelerate research, development and commercialisation of BNNT application projects, fund further technology investment opportunities and separate the mining business @ \$5.50 per share		-	15,400
Less transaction costs for issued share capital		-	(803)
New shares issued for cash, net of transaction costs		-	14,597
Issued from dividend reinvestment plan	10(d)	-	483
Less transaction costs for issued share capital		-	(4)
		-	479
Issue to Long Term Incentive Plan Trust Account		331	784
Less transaction costs for issued share capital		(14)	(12)
		317	772

The shares have no par value and each share is entitled to one vote at shareholder meetings. Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

Reconciliation of transaction costs on issue of share

For the raising of cash	-	(803)
For the Long Term Incentive Plan Trust Account	(14)	(12)
For the dividend reinvestment plan	-	(4)
Transaction costs attributable to PPK	(14)	(819)
For the raising of cash in LIS and WGL	(342)	(1,176)
	(356)	(1,995)

#### 30.3 Share movements

Movements in number of ordinary shares:

	No. of Shares	No. of Shares
Balance at the beginning of the financial year	89,051,793	85,620,743
New shares issued	237,500	3,431,050
<b>Total</b>	<b>89,289,293</b>	<b>89,051,793</b>

#### 30.4 Treasury share movements

	2022	2022	2021	2021
	No. of Shares	\$000	No. of Shares	\$000
Opening balance of treasury shares	454,367	(203)	696,771	(227)
Shares purchased in the Dividend Reinvestment Plan	-	-	-	-
Shares purchased	-	-	4,367	(57)
Shares sold	(204,367)	94	(246,771)	81
<b>Closing balance of treasury shares</b>	<b>250,000</b>	<b>(109)</b>	<b>454,367</b>	<b>(203)</b>

During the year ended 30 June 2022, shares with a cost of \$0.094M (2021: \$0.081M) were sold for a cash consideration of \$3.114M (2021: \$2.025M). The gain on this transaction was recorded as an increase in equity attributable to members of the parent.

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2022

## NOTE 30 SHARE CAPITAL (continued)

### 30.5 Capital risk management

The Group considers its capital to comprise its ordinary shares, treasury shares, reserves and retained earnings.

In managing its capital, the Group's primary objective is to ensure its continued ability to provide a consistent return for its equity shareholders through capital growth and distributions and through the payment of annual dividends to its shareholders. In order to achieve this objective, the Group seeks to maintain a gearing ratio that balances risks and returns at an acceptable level and to maintain a sufficient funding base to enable the Group to meet its working capital and strategic investment needs. In making decisions to adjust its capital structure to achieve these aims, either through altering its dividend policy, new share issues, share buy-backs, or the increase/reduction of debt, the Group considers not only its short-term position but also its long-term operational and strategic objectives.

For the 2022 financial year, the Group's policy is to maintain its gearing ratio within the range of 0% - 20% (2021: 0% - 20%). The Group's gearing ratio at the balance sheet date is shown below:

	Notes	Consolidated Entity	
		2022 \$000	2021 \$000
<b>Gearing Ratios</b>			
Total borrowings		2,756	399
Less cash and cash equivalents		(53,008)	(30,365)
Net debt (cash surplus)		(50,252)	(29,966)
Total equity		112,585	88,264
Total capital		112,585	88,264
Gearing ratio		0%	0%

The gearing ratio is calculated excluding lease liabilities.

The Group intends to minimise debt, but have the ability to access debt should it be necessary, with a focus on funding the technology application projects and maintaining dividend payments. There is no change as to what the Group considers to be its capital.

## NOTE 31 CAPITAL RESERVES

Reserves		38,969	19,068
Share options reserve	31.1	600	396
Share premium reserve	31.2	36,430	16,733
Dividend revaluation reserve	31.3	1,939	1,939
		38,969	19,068

### Movement in reserves

#### 31.1 Share options reserve

Opening balance		396	869
Issue of performance rights		600	311
Shares transferred to trust		(331)	(784)
Issue of performance rights in a subsidiary company		821	-
Reserves belonging to non-controlling interests		(886)	-
Closing balance		600	396

The share options reserve is used to recognise the value of equity settled share-based payments provided to employees, including key management personnel, as part of their remuneration.

The fair value of the options at issue date is deemed to represent the value of employee services received over the vesting period, recognised as a proportional share-based payment expense during each reporting period, with the corresponding credit taken to a share option reserve.

## Notes to the Consolidated Financial Statements

for the year ended 30 June 2022

### NOTE 31 CAPITAL RESERVES (continued)

#### 31.2 Share premium reserve

	Notes	Consolidated Entity	
		2022 \$000	2021 \$000
Opening balance		16,733	2,924
Increase in PPK's and related entities interest in LIS's issued capital and reserves		19,257	12,102
Increase in PPK's and related entities interest in WGL's issued capital and reserves		440	1,707
Closing balance		36,430	16,733

The share premium reserve is used to recognise gains and losses on the change of PPK's interest in subsidiaries that do not result in a change of control. During the period, PPK's interest in LIS and WGL has decreased due to capital raises and share disposal transactions to non-controlling interests. As these changes did not result in PPK losing control, the corresponding gains were recognised in the share premium reserve.

#### 31.3 Dividend revaluation reserve

##### Gearing Ratios

Opening balance	1,939	-
Revaluation of LIS's shares distributed as an in specie dividend	-	2,219
LIS's shares distributed as an in specie dividend to minority interests	-	(263)
LIS's shares distributed as an in specie dividend to treasury shares	-	(17)
Closing balance	1,939	1,939

The dividend revaluation reserve is used to recognise the internal profit generated from the issue of LIS shares to PPK shareholders in the form of a special dividend of \$0.025 per PPK share held by PPK shareholders on 17 December 2020.

### NOTE 32 FINANCIAL INSTRUMENTS RISK

The Group's financial instruments include investments in deposits with banks, receivables, payables and interest bearing liabilities. The accounting classifications of each category of financial instruments, as defined in Note 2.12, Note 2.13, Note 2.18, Note 2.19 and Note 2.23 and their carrying amounts are set out below.

	Weighted Average Interest Rate	Notes	Floating Interest Rate \$000	Within 1 Year \$000	1 to 9 Years \$000	Non- Interest Bearing \$000
<b>Consolidated 2022</b>						
<b>Financial assets</b>						
Loans	4.52%	19	-	-	2,000	-
Receivables	0.0%	15	-	-	-	560
Cash and cash equivalents	0.0%	14	-	-	-	53,008
Total financial assets			-	-	2,000	53,568
<b>Financial liabilities</b>						
Interest-bearing loans and borrowings	5.0%	28	-	-	2,756	-
Trade and other payables – current	0.0%	26	-	-	-	1,672
Lease liabilities	7.2%	27	-	171	1,129	-
Total financial liabilities			-	171	3,885	1,672

## Notes to the Consolidated Financial Statements

for the year ended 30 June 2022

### NOTE 32 FINANCIAL INSTRUMENTS RISK (continued)

	Weighted Average Interest Rate	Notes	Floating Interest Rate \$000	Within 1 Year \$000	1 to 9 Years \$000	Non- Interest Bearing \$000
<b>Consolidated 2021</b>						
<b>Financial assets</b>						
Loans	8.5%	19	-	1,569	-	-
Receivables	0.0%	15	-	-	-	152
Cash and cash equivalents	0.0%	14	-	-	-	30,365
Total financial assets			-	1,569	-	30,517
<b>Financial liabilities</b>						
Interest-bearing loans and borrowings	4.5%	28	-	-	399	-
Trade and other payables - current	0.0%	26	-	-	-	356
Lease liabilities		27	-	-	-	-
Total financial liabilities at amortised cost			-	-	399	356

#### Financial risk management

The Board of Directors have overall responsibility for the establishment and oversight of the financial risk management framework. The Group's activities expose it to a range of financial risks including market risk, credit risk and liquidity risk. The Group's risk management policies and objectives are therefore designed to minimise the potential impacts of these risks on the results of the Group where such impacts may be material. The Board receives monthly reports, which it reviews and regularly discuss the effectiveness of the processes put in place and the appropriateness of the objectives and policies to support the delivery of the Group's financial targets while protecting future financial security. The Group does not use derivatives.

#### 32.1 Market risk

Market risk is the risk that the fair value of future cash flows of the Group's and parent entity's financial instruments will fluctuate because of changes in market prices.

Market risk comprises three types of risk: equity price risk, interest rate risk and currency risk.

##### (i) Equity price risk

The Group has a listed and unlisted equity investments which are susceptible to market price risk arising from uncertainties about future value of the investment securities. The Group manages the equity price risk through reviewing company information for the listed equity investments and updates with the unlisted equity investment's executives to keep abreast of its activities and plans. As the equity investment intends to complete an IPO in the near future, the Group will have access to a market price and public information to manage the market price risks.

At the reporting date, the exposure to the listed equity investments was \$0.892M and the unlisted equity investment was \$2.510M at fair value.

The Group has performed sensitivity analysis relating to its equity price risk based on the Group's year end exposure. This sensitivity analysis demonstrates the effect on pre-tax results and equity which could result from a movement of market value of +/- 10%.

	Notes	2022 \$000	2021 \$000
<b>Change in profit before tax</b>			
- increase in market value by 10%		340	447
- decrease in market value by 10%		(340)	(447)



## Notes to the Consolidated Financial Statements

for the year ended 30 June 2022

### NOTE 32 FINANCIAL INSTRUMENTS RISK (continued)

#### 32.1 Market risk (continued)

##### (ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a security will fluctuate due to changes in interest rates. Exposure to interest risk arises due to holding floating rate interest bearing liabilities, investments in cash and cash equivalents and loans to related parties and other entities.

Loans to and from related parties and other entities are at fixed rates. The Group has performed sensitivity analysis relating to its interest rate risk based on the Group's year end exposure. This sensitivity analysis demonstrates the effect on pre-tax results and equity which could result from a movement of interest rates of +/- 1%.

Notes	2022 \$000	2021 \$000
<b>Change in profit before tax</b>		
- increase in interest rates by 1%	530	-
- decrease in interest rates by 1%	(530)	-

##### (iii) Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial item will fluctuate as a result of movements in international exchange rates. The Group was not exposed to exchange rate transaction risk on foreign currency sales or foreign currency purchases during the year. Sales revenue for the Group for the year was all denominated in Australian dollars (2021: 100%). The Group does not take forward cover or hedge its risk exposure.

The Group is exposed to currency risk in relation to its equity investment which is in US dollars (see Note 32.1(i)). At the year end, the equity investment was converted from United States Dollars to Australian Dollars at the exchange rate of \$0.6889 at 30 June 2022.

<b>Change in profit before tax</b>		
- increase in USD currency rate by \$.05	(125)	(23)
- decrease in USD currency rate by \$.05	125	23

#### 32.2 Credit risk

The Group's maximum exposure to credit risk is generally the carrying amount trade and other receivables, net of any allowance for credit losses, and loans. The Group has in place formal policies for establishing credit approval and limits so as to manage the risk. For loans to unrelated third parties, the Group takes adequate security generally by a registered first mortgage over property of the borrower and/or a registered security interest (fixed and circulating) on the PPSR by way of a loan offer, loan agreement, general security interest agreement and deed of guarantee and indemnity and mortgage.

For related party loans, the Group has oversight to the operations of the business through Directors appointed to the Board of these entities, and regular operating and financial information being provided to the Group. As a result, the Group can influence the financial performance of the related parties and take appropriate actions to protect its loans.

The Group also has a credit risk exposure in relation to cash at bank. The Group's policy is to ensure funds are invested with Tier 1 Australian banks thus minimising the Group's exposure to this credit risk. Refer to Note 15 for detail on the Group's trade and other receivables.

The geographic location of customers, relating to these trade receivables, is disclosed in Note 3.1 of these accounts.

Australia	100%	-
	100%	-

## Notes to the Consolidated Financial Statements

for the year ended 30 June 2022

### NOTE 32 FINANCIAL INSTRUMENTS RISK (continued)

#### 32.3 Liquidity risk

Liquidity risk is the risk that the Group and parent will encounter difficulty in meeting obligations associated with financial liabilities. The Group's objective to mitigate liquidity risk is to maintain a balance between continuity of funding and flexibility through the use of bank loans, other loans and lease agreements. The Group exposure to liquidity risk is not significant based on available funding facilities and cash flow forecasts. Details of the Group's financing facilities are set-out in Note 32.

#### Financial liabilities maturity analysis

The tables below reflect the undiscounted contractual settlement terms for the Group's financial liabilities of a fixed period of maturity, as well as the earliest possible settlement period for all other financial liabilities. As such the amounts may not reconcile to the balance sheet.

	Carrying amount \$000	<6 months \$000	6-12 months \$000	1-3 years \$000	>3 years \$000	Contractual Cash flows \$000
<b>Consolidated 2022</b>						
<b>Financial liabilities (current &amp; non-current)</b>						
Trade and other payables	1,669	1,669	-	-	-	1,669
Interest-bearing loans and borrowings	2,000	-	-	2,180	-	2,180
Lease liabilities	1,300	95	101	298	806	1,300
Total financial liabilities	4,969	1,764	101	2,478	806	5,149
<b>Consolidated 2021</b>						
<b>Financial liabilities (current &amp; non-current)</b>						
Trade and other payables	356	356	-	-	-	356
Interest-bearing loans and borrowings	399	-	-	399	-	399
Lease liabilities	-	-	-	-	-	-
Total financial liabilities	755	356	-	399	-	755

### NOTE 33 FAIR VALUE MEASUREMENT

#### Fair value

The carrying values of financial assets and liabilities listed below approximate their fair value.

Estimated discounted cash flows were used to measure fair value, except for fair values of financial assets that were traded in active markets that are based on quoted market prices.

#### Hierarchy

The following tables classify financial instruments recognised in the statement of financial position of the Group according to the hierarchy stipulated in AASB13 as follows:

- Level 1 - the instrument has quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - a valuation technique is used using inputs other than quoted prices within Level 1 that are observable for financial instruments, either directly (i.e. as prices), or indirectly (i.e. derived from prices); or
- Level 3 - a valuation technique is used using inputs that are not based on observable market data (unobservable inputs).

-

## Notes to the Consolidated Financial Statements

for the year ended 30 June 2022

### NOTE 33 FAIR VALUE MEASUREMENT (continued)

Fair value (continued)

Assets	Notes	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
<b>Group 2022</b>					
<b>Non-current assets</b>					
Listed securities	18	892	-	-	892
Unlisted equity securities	18	-	-	2,510	2,510
		<b>892</b>	<b>-</b>	<b>2,510</b>	<b>3,402</b>
<b>Group 2021</b>					
<b>Non-current assets</b>					
Listed securities	18	2,214	-	-	2,214
Unlisted equity securities	18	-	-	2,258	2,258
		<b>2,214</b>	<b>-</b>	<b>2,258</b>	<b>4,472</b>

The level 3 fair value assessment of unlisted equity securities has been based on advice provided by the investee company. On 13 May 2022, Zeta Energy was converted from an LLC "taxed as a partnership" to a C Corporation, LIS's interest was converted to 1,729,000 shares of Class B common stock and Zeta Energy has confirmed the shares are valued at USD1.00 per share at 30 June 2022. The valuation of the investment at USD1,729,000 equates to AUD\$2.510M at the prevailing exchange rate on 30 June 2022 of \$0.6889.

### NOTE 34 CONTINGENT ASSETS AND LIABILITIES

The Group's non-bank guarantees and indemnities include:

- a finance facility up to a maximum of \$4.000M from a major Australian bank for discontinuing operations, secured against the debtors of PPK Mining Equipment Pty Ltd, secured by a guarantee and indemnity from PPK Group Limited, PPK Mining Equipment Group Pty Ltd and the subsidiaries of the mining division. The Group's guarantee and indemnity was terminated in August 2022.
- the lease motor vehicle fleet provider for discontinuing operations has a guarantee and indemnity from PPK Group Limited in relation to the run-off of the existing leased motor vehicle fleet in the amount of \$0.175M

The Group has the following contingent liabilities:

- \$0.298M for its proportion of funding the BNNT Precious Metals Pty Ltd project for continuing operations, should it be required.

The Group is defending a claim in the Supreme Court of NSW in relation to a dispute pertaining to the vesting conditions of a business acquired in 2014 with a vendor employee for the second tranche of \$0.500 of share plus interest and costs for continuing operations. As advised in the 2016 Annual Report, the Group does not believe the vesting conditions were met and still maintains this position.

See Note 35 for additional contingent assets and liabilities.

## Notes to the Consolidated Financial Statements

for the year ended 30 June 2022

### NOTE 35 RELATED PARTIES

For details on transactions between related parties refer to Note 9, Note 21, Note 22 and Note 34.

#### 35.1 PPK Group Limited

Details of the nature and amount of each element of the remuneration of each director and key management personnel ('KMP') of PPK Group Limited are shown in the table below:

2022	Short Term Benefits				Long Term Benefits (\$)	Termination Payments (\$)	<sup>(1)</sup> Share Based Payments (\$)	Total (\$)	Performance Related %
	Salary & Fees (\$)	Cash Bonus (\$)	Non-Monetary (\$)	Post employment Super-annuation (\$)					
<b>Directors</b>									
<i>Non-Executive</i>									
<b>A McDonald</b>	75,000	-	-	-	-	-	-	75,000	-
<i>Executive</i>									
<b>R Levison</b>	211,883	-	-	27,500	-	-	-	239,383	-
<b>G Molloy</b>	240,000	-	-	-	-	-	-	240,000	-
<b>D McNamara<sup>(2)</sup></b>	200,000	-	-	-	-	-	-	200,000	-
<b>Total Directors</b>	<b>726,883</b>	<b>-</b>	<b>-</b>	<b>27,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>754,383</b>	<b>-</b>
<b>Other Key Management Personnel</b>									
<b>K Hostland<sup>(3)</sup></b>	406,250	260,000	-	27,500	-	-	275,900	969,650	55
<b>Total Other</b>	<b>406,250</b>	<b>260,000</b>	<b>-</b>	<b>27,500</b>	<b>-</b>	<b>-</b>	<b>275,900</b>	<b>969,650</b>	<b>55</b>
<b>Total Key Management Personnel</b>	<b>1,133,133</b>	<b>260,000</b>	<b>-</b>	<b>55,000</b>	<b>-</b>	<b>-</b>	<b>275,900</b>	<b>1,724,033</b>	<b>31</b>

(1) All equity settled share-based payments for the LTI Plan fully vested on 1 July 2021. K Hostland also participates in the Executive Rights Plan and received 34,704 performance rights in both the Special Catch-Up Grant and the FY Performance Rights.

(2) D McNamara also has use of a fully maintained motor vehicle.

(3) The cash bonus includes a bonus from PPK of \$160,000 for the 2021 financial year and \$100,000 paid by WGL to PPK this financial year for his involvement in a pre-IPO process.

The above table presents the Directors and key management personnel of PPK and the amounts they have been remunerated in respect of their management of the Group.

For clarity, the \$260,000 cash bonus for K Hostland includes the \$100,000 shown in the White Graphene remuneration table. Amounts are not included in the table above for other KMPs that are shown in the White Graphene table on the basis that payments to A McDonald, R Levison and G Molloy were paid directly to them by White Graphene whereas the payment to K Hostland was paid to PPK who then paid K Hostland.

## Notes to the Consolidated Financial Statements

for the year ended 30 June 2022

### NOTE 35 RELATED PARTIES (continued)

#### 35.1 PPK Group Limited (continued)

Directors and key management personnel were also remunerated by LIS and WGL for the year ended 30 June 2022 as follows, in addition to the above table:

2022	Short Term Benefits				Long Term Benefits (\$)	Termination Payments (\$)	<sup>(1)</sup> Share Based Payments (\$)	Total (\$)	Performance Related %
	Salary & Fees (\$)	Cash Bonus (\$)	Non-Monetary (\$)	Post employment Super-annuation (\$)					
<b>Li-S ENERGY LIMITED</b>									
<b>Directors</b>									
<i>Non-Executive</i>									
R Levison	-	-	-	-	-	-	157,122	157,122	-
A McDonald	-	-	-	-	-	-	157,122	157,122	-
<b>Total Directors</b>	-	-	-	-	-	-	314,244	314,244	-
<b>Other KMP</b>									
G Molloy <sup>(2)</sup>	196,000	-	-	-	-	-	-	196,000	-
K Hostland <sup>(3)</sup>	-	-	-	-	-	-	-	-	-
<b>Total Other</b>	196,000	-	-	-	-	-	-	196,000	-
<b>Total KMP</b>	196,000	-	-	-	-	-	314,244	510,244	-

(1) Equity settled share based payments. Each tranche of the service rights granted are expensed over the vesting period from the date of granting to the date that the last tranche vests resulting in a proportionally larger expense recognised in the earlier years. Share based payments for directors are not performance related but are in lieu of salary and fees.

(2) Remunerated through a consulting agreement on 12 June 2021 at an agreed hourly rate for work undertaken on behalf of LIS

(3) Remunerated by PPK Group Limited

2022	Short Term Benefits				Long Term Benefits (\$)	Termination Payments (\$)	<sup>(1)</sup> Share Based Payments (\$)	Total (\$)	Performance Related %
	Salary & Fees (\$)	Cash Bonus (\$)	Non-Monetary (\$)	Post employment Super-annuation (\$)					
<b>WHITE GRAPHENE LIMITED</b>									
<b>Directors</b>									
R Levison	20,000	100,000	-	-	-	-	-	120,000	83
G Molloy	20,000	400,000	-	-	-	-	-	420,000	95
A McDonald	20,000	100,000	-	-	-	-	-	120,000	83
<b>Total Directors</b>	60,000	600,000	-	-	-	-	-	660,000	
<b>Other KMP</b>									
K Hostland	-	100,000	-	-	-	-	-	100,000	100
<b>Total Other</b>	-	100,000	-	-	-	-	-	100,000	
<b>Total KMP</b>	60,000	700,000	-	-	-	-	-	760,000	

(1) The cash bonus was for services provided during the reporting period by each KMP working extended hours in connection with their involvement in a pre IPO process which fall outside their normal roles and duties. The KMPs reinvested the cash bonus into the capital raise in the year and the payments are included in professional fees in the statement of profit or loss and other comprehensive income. The IPO was deferred due to changes in investment markets this calendar year.

## Notes to the Consolidated Financial Statements

for the year ended 30 June 2022

### NOTE 35 RELATED PARTIES (continued)

#### 35.1 PPK Group Limited (continued)

Directors and key management personnel also provided services to the other subsidiary companies, the associated companies and the joint venture for which they were not remunerated.

#### Remuneration Details for the year ended 30 June 2021 for Directors' and Key Management Personnel

Details of the nature and amount of each element of the remuneration of each director and key management personnel ('KMP') of PPK Group Limited are shown in the table below:

2021	Short Term Benefits			Post employment Super-annuation (\$)	Long Term Benefits (\$)	Termination Payments (\$)	<sup>(1)</sup> Share Based Payments (\$)	Total (\$)	Performance Related %
	Salary & Fees (\$)	Cash Bonus (\$)	Non-Monetary (\$)						
<b>Directors</b>									
<i>Non-Executive</i>									
<b>A McDonald</b>	50,000	-	-	-	-	-	88,057	138,057	64
<b>G Webb</b>	43,333	-	-	-	-	-	-	43,333	-
<i>Executive</i>									
<b>R Levison</b>	215,000	-	-	25,000	-	-	-	240,000	-
<b>G Molloy</b>	240,000	-	-	-	-	-	-	240,000	-
<b>D McNamara<sup>(2)</sup></b>	200,000	-	-	-	-	-	70,701	270,701	26
<b>Total Directors</b>	748,333	-	-	25,000	-	-	158,758	932,091	-
<b>Other Key Management Personnel</b>									
<b>K Hostland<sup>(3)</sup></b>	325,000	150,000	-	25,000	-	-	56,561	556,561	37
<b>Total Other</b>	325,000	150,000	-	25,000	-	-	56,561	556,561	-
<b>Total Key Management Personnel</b>									
	1,073,333	150,000	-	50,000	-	-	215,319	1,488,652	-

(1) Equity settled share based payments. Performance rights granted are expensed over the performance period, which includes the year to which the bonus relates and the subsequent vesting period of rights. All performance rights fully vested on 1 July 2021.

(2) D McNamara also has use of a fully maintained motor vehicle.

(3) The cash bonus relates to the 2020 financial year.

The above table presents the Directors and key management personnel of PPK and the amounts they have been remunerated in respect of their management of the Group.

## Notes to the Consolidated Financial Statements

for the year ended 30 June 2022

### NOTE 35 RELATED PARTIES (continued)

#### 35.1 PPK Group Limited (continued)

Directors and key management personnel were also remunerated by LIS and WGL for the year ended 30 June 2021 as follows, in addition to the above table:

2021	Short Term Benefits				Long Term Benefits (\$)	Termination Payments (\$)	<sup>(4)</sup> Share Based Payments (\$)	Total (\$)	Performance Related %
	Salary & Fees (\$)	<sup>(5)</sup> Cash Bonus (\$)	Non-Monetary (\$)	Post-employment Super-annuation (\$)					
<b>LI-S ENERGY LIMITED</b>									
R Levison	16,667	100,000	-	-	-	-	24,444	141,111	71
G Molloy	16,667	400,000	-	-	-	-	-	416,667	96
A McDonald	16,667	200,000	-	-	-	-	24,444	241,111	83
K Hostland	-	100,000	-	-	-	-	-	100,000	100
	50,001	800,000	-	-	-	-	48,888	898,889	
<b>WHITE GRAPHENE LIMITED</b>									
R Levison	16,667	-	-	-	-	-	-	16,667	-
G Molloy	16,667	-	-	-	-	-	-	16,667	-
A McDonald	16,667	-	-	-	-	-	-	16,667	-
	50,001	-	-	-	-	-	-	50,001	-

(4) Equity settled share based payments. Service rights granted are expensed over the vesting period from the date of granting to the date that the last tranche vests.

(5) The cash bonus was for services provided by each individual for working extended hours in connection with the preparation of and involvement in the IPO processes and the pre-IPO capital raise, including performing market research, attending additional meetings, prospectus drafting and other related activities which fall outside

#### PPK Group Limited

As at the end of the financial year, the number of ordinary shares in PPK Group Limited held by directors and Key Management Personnel during the 2022 and 2021 reporting periods is set out below:

2022	Share Balance at Start of Year	Shares Transferred from PPK LTIP	Shares Acquired	Shares Acquired	Shares Sold	Adjust for Director Ceasing in the Year	Shares Held at the End of the Reporting Period
<b>Directors</b>							
<i>Non-Executive</i>							
R Levison <sup>(1)</sup>	4,100,153	-	-	-	(50,000)	-	4,050,153
G Molloy <sup>(2) (3)</sup>	14,468,121	-	50,000	7,014,866	(255,000)	-	21,277,987
D McNamara <sup>(4)</sup>	3,043,332	400,000	-	-	-	(3,443,332)	-
A McDonald	409,120	-	-	-	-	-	409,120
<b>Total Directors</b>	<b>22,020,726</b>	<b>400,000</b>	<b>50,000</b>	<b>7,014,866</b>	<b>(305,000)</b>	<b>(3,443,332)</b>	<b>25,737,260</b>
<b>Other Key Management Personnel</b>							
K Hostland	428,692	244,000	-	-	(113,192)	-	559,500
<b>Total Other</b>	<b>428,692</b>	<b>244,000</b>	<b>-</b>	<b>-</b>	<b>(113,192)</b>	<b>-</b>	<b>559,500</b>
<b>Total</b>	<b>22,449,418</b>	<b>644,000</b>	<b>50,000</b>	<b>7,014,866</b>	<b>(418,192)</b>	<b>(3,443,332)</b>	<b>26,296,760</b>

(1) Shares sold to a family member.

(2) Share movement of 7,014,866 was as a result of appointment as a Trustee from a Trust.

(3) Share movement of 255,000 was as a result of retirement as a Trustee from a Trust.

(4) Removes D McNamara share holding as he ceased to be a Director during the year.

## Notes to the Consolidated Financial Statements

for the year ended 30 June 2022

### NOTE 35 RELATED PARTIES (continued)

#### 35.1 PPK Group Limited (continued)

2021	Share Balance at Start of Year	November 2020 DRP <sup>(1)</sup>	Shares Transferred from PPK LTIP <sup>(2)</sup>	Shares Acquired <sup>(3)</sup>	Shares Sold	Adjust for Director Ceasing in the Year	Shares Held at the End of the Reporting Period
<b>Directors</b>							
<i>Non-Executive</i>							
<b>R Levison<sup>(4)</sup></b>	4,433,572	11,581	-	-	(345,000)	-	4,100,153
<b>G Molloy<sup>(5)</sup></b>	14,582,610	37,035	-	-	(151,524)	-	14,468,121
<b>D McNamara<sup>(4)</sup></b>	4,530,461	11,834	1,037	-	(1,500,000)	-	3,043,332
<b>A McDonald</b>	407,924	1,066	130	-	-	-	409,120
<b>G Webb<sup>(6)</sup></b>	9,749,399	25,467	-	-	-	(9,774,866)	-
<b>Total Directors</b>	33,703,966	86,983	1,167	-	(1,996,524)	(9,774,866)	22,020,726
<b>Other Key Management Personnel</b>							
<b>K Hostland</b>	254,878	665	56,649	125,000	(8,500)	-	428,692
<b>Total Other</b>	254,878	665	56,649	125,000	(8,500)	-	428,692
<b>Total</b>	33,958,844	87,648	57,816	125,000	(2,005,024)	(9,774,866)	22,449,418

(1) Shares issued @ \$3.8282 per share being the price at which shares were issued to all shareholders participating in the Dividend Reinvestment Plan regarding the dividend paid by the Company on 20 November 2020.

(2) Includes shares issued under the Dividend Reinvestment Plan to PPK LTIP in error and transferred to LTIP participants.

(3) Shares in a related party under the control of the KMP.

(4) Shares sold in conjunction with the Strategic Capital Raise announced 27 November 2020.

(5) Share movement was as a result of retirement as a Trustee from a Trust.

(6) Removes G Webb shareholding as he ceased to be a Director during the year.

As at the end of the financial year, the number of Performance Rights in PPK held by directors and Key Management Personnel during the 2022 and 2021 reporting periods is set out below:

2022 Name and Grant Dates	Executive Rights Plan									
	Balance at Start of the Year		Granted During Year	Vested			Exercised		Forfeited	Balance at End of Year Unvested
	Vested	Unvested	No.	No.	%	No.	No.	%	No.	Maximum \$ value to vest <sup>(3)</sup>
<b>K Hostland</b>										
Special Catch-Up Grant <sup>(1)</sup>	-	-	34,704	-	-	-	-	-	34,704	91,967
FY22 Performance Rights <sup>(2)</sup>	-	-	34,704	-	-	-	-	-	34,704	-

(1) The performance rights fully vest on 30 June 2023.

(2) The performance rights fully vest on 30 June 2024.

(3) The maximum value of the Performance Rights yet to vest has been determined as the amount of the grant date fair value of the Performance Rights that is yet to be expensed which was calculated using the number of Performance Rights that were granted.



## Notes to the Consolidated Financial Statements

for the year ended 30 June 2022

### NOTE 35 RELATED PARTIES (continued)

#### 35.1 PPK Group Limited (continued)

2022		Executive Rights Plan									
Name and Grant Dates	Balance at Start of the Year		Granted During Year		Vested		Exercised		Forfeited		Balance at End of Year Unvested
	Vested	Unvested	No.	No.	%	No.	No.	%	No.	Maximum \$ value to vest <sup>(3)</sup>	
<b>D McNamara</b>											
Tranche 1	100,000					(100,000)					
Tranche 2	100,000					(100,000)					
Tranche 3	100,000					(100,000)					
Tranche 4	100,000					(100,000)					
<b>A McDonald</b>											
Tranche 1	12,500										
Tranche 2	12,500										
Tranche 3	12,500										
Tranche 4	12,500										
<b>K Hostland</b>											
Tranche 1	75,000					(75,000)					
Tranche 2	75,000					(75,000)					
Tranche 3	75,000					(75,000)					
Tranche 4	75,000					(75,000)					

(1) The performance rights fully vested on 1 July 2021.

### LIS

As at the end of the financial year, the number of ordinary shares in LIS held by directors and Key Management Personnel during the 2022 and 2021 reporting periods is set out below:

2022	Share Balance at Start of Year	Shares Acquired	Shares Sold	Share Balance at End of Year
<b>Directors</b>				
<i>Non-Executive</i>				
<b>R Levison</b>	2,776,917	13,632	-	2,790,549
<b>A McDonald</b>	866,961	-	-	866,961
<b>Total Directors</b>	3,643,878	13,632	-	3,657,510
<b>Other KMP</b>				
<b>G Molloy<sup>(1)</sup></b>	6,440,784	-	-	6,440,784
<b>K Hostland</b>	504,295	24,771	-	529,066
<b>Total Other</b>	6,945,079	24,771	-	6,969,850
<b>Total KMP</b>	10,588,957	38,403	-	10,627,360

(1) Entered into a consulting agreement on 12 June 2021.

## Notes to the Consolidated Financial Statements

for the year ended 30 June 2022

### NOTE 35 RELATED PARTIES (continued)

#### 35.1 PPK Group Limited (continued)

2021	Share Balance at Start of Year	Shares Issued via PPK's In-specie Dividend	Shares Acquired	Shares Sold	Share Balance at End of Year
<b>Directors</b>					
<i>Non-Executive</i>					
<b>R Levison</b>	-	1,576,917	1,200,000	-	2,776,917
<b>A McDonald</b>	-	166,961	700,000	-	866,961
<b>Total Directors</b>	-	1,743,878	1,900,000	-	3,643,878
<i>Executive Director</i>					
<b>G Molloy<sup>(1)</sup></b>	-	5,640,784	800,000	-	6,440,784
<i>Total Executive Director</i>	-	5,640,784	800,000	-	6,440,784
<b>Total KMP</b>	-	7,384,662	2,700,000	-	10,084,662

(1) Resigned as a Director on 11 June 2021.

As at the end of the financial year, the number of Service Rights in LIS held by directors and Key Management Personnel during the 2022 and 2021 reporting periods is set out below:

2022	Balance at Start of Year <sup>(1)</sup>		Granted During the Year		Vested		Forfeited	Vested & Unexercised		Balance at End of Year Unvested
	Unvested	Unvested	No	%	No	No		%	No	
<b>Directors</b>										
<b>R Levison</b>	480,000	-	160,000	100%	-	-	-	160,000	320,000	64,251
<b>A McDonald</b>	480,000	-	160,000	100%	-	-	-	160,000	320,000	64,251
<b>Total Directors</b>	960,000	-	320,000		-	-	-	320,000	640,000	128,502

(1) There were nil vested and unexercised rights at the beginning of the year.

(2) The maximum value of service rights to vest has been calculated as the amount of the grant date fair value of the service rights yet to be expensed.

2021	Balance at Start of Year		Granted During the Year		Vested		Forfeited	Vested & Unexercised		Balance at End of Year Unvested
	Unvested	Unvested	No	%	No	No		%	No	
<b>Directors</b>										
<b>R Levison</b>	-	480,000	-	-	-	-	-	-	480,000	240,000
<b>A McDonald</b>	-	480,000	-	-	-	-	-	-	480,000	240,000
<b>Total Directors</b>	-	1,440,000	-	-	-	-	-	-	1,440,000	720,000

(1) The maximum value of service rights to vest has been calculated as the amount of the grant date fair value of the service rights yet to be expensed.

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2022

## NOTE 35 RELATED PARTIES (continued)

### 35.1 PPK Group Limited (continued)

WGL

As at the end of the financial year, the number of ordinary shares in WGL held by directors and Key Management Personnel during the 2022 and 2021 reporting periods is set out below:

2022	Share Balance at Start of Year	<sup>(1)</sup> Shares Acquired	Shares Sold	Shares Held at the End of the Reporting Period
<b>Directors</b>				
<b>R Levison</b>	250,000	250,000	-	500,000
<b>G Molloy</b>	-	1,000,000	-	1,000,000
<b>A McDonald</b>	-	250,000	-	250,000
<b>G Pullen</b>	-	-	-	-
<b>Total Directors</b>	250,000	1,500,000	-	1,750,000
<b>Other KMP</b>				
<b>K Hostland</b>	-	250,000	-	250,000
<b>Total Other</b>	-	250,000	-	250,000
<b>Total</b>	250,000	1,750,000	-	2,000,000

(1) Shares were acquired at \$0.40 per share as part of the capital raise process.

### 35.2 The Group has the following related party agreements in place:

#### Supply Agreement between LIS and BNNTTL

A supply agreement for the supply of BNNTs, with a purity of at least 95% or otherwise agreed, for the purpose of using BNNTs in the development, testing and manufacture of the LIS batteries. The key terms of the supply agreement are as follows:

- LIS may only order from BNNTTL to use BNNTs in the Customer's development, testing and manufacture of batteries or any other purpose agreed between the parties in writing; and
- the initial term of the agreement is 5 years and it automatically renews for further 2 year terms unless LIS elects not to renew the agreement by giving at least 3 months' notice prior to the expiry of the latest term.

#### Distribution Agreement between LIS and BNNTTL

A worldwide exclusive distribution agreement pursuant to which LIS is appointed as distributor for BNNT products, with a purity of at least 95% or otherwise agreed, within the battery industry, with certain exclusive distribution rights in respect of lithium-sulphur batteries. The key material terms of the distribution agreement are as follows:

LIS may only buy BNNTs from BNNTTL to:

- distribute on an exclusive basis BNNTs to third party customers (**Customers**), provided the Customers are only permitted to use BNNTs to develop, test or manufacture lithium-sulphur batteries; and
- distribute on a non-exclusive basis BNNTs to Customers, provided the Customers are only permitted to use BNNTs to:
  - develop, test or manufacture batteries that are not lithium-sulphur batteries (including to stockpile BNNTs for later use in accordance with forecasts); and
  - manufacture nanomesh products incorporating BNNTs (including Li-Nanomesh) for the use in any form or type of battery;
  - and any other purpose agreed between the parties in writing.

LIS is not restricted from distributing Li-Nanomesh (or other nanomesh products), or BNNTs to LIS's customers who have a licence from LIS to manufacture Li-Nanomesh (or other nanomesh products).

The initial term of the agreement is 5 years and it automatically renews for further 2 year terms unless LIS elects not to renew the agreement by giving at least 3 months' notice prior to the expiry of the latest term.

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2022

## NOTE 35 RELATED PARTIES (continued)

### 35.2 The Group has the following related party agreements in place: (continued)

#### Management Services Agreement between LIS and PPK Aust

A management services agreement pursuant to which PPK Aust will provide administrative functions such as accounting, record keeping, reporting, legal, company secretarial support, IT/systems support, etc. It is also appointed, to the extent permitted by law to facilitate/oversee the funding and capital raising requirements of the company and is paid a funding fee of up to 1% of any debt or capital raised that it facilitates. PPK Aust will also provide staff to act in key officer roles including the public officer, chief financial officer and company secretary. The key material terms of the management services agreement are as follows:

- PPK Aust is paid a fee for providing the management services, which the scope of services to be provided and the fee is reviewed and agreed between the parties every 3 months;
- the agreement is for an initial term of 3 years and can be renewed by PPK Aust for a further 3 year term upon notice being provided by PPK Aust not later than 3 months prior to the expiry of the initial term;
- PPK Aust may terminate the agreement on 30 days' notice if it is not satisfied with the Annual Plan of LIS; and
- LIS may terminate the agreement at will on 6 months' notice.
- LIS indemnifies PPK Aust for any loss that arises from the performance by PPK Aust of its obligations under the agreement.

#### Research Framework Agreement between LIS and Deakin

A research framework agreement which governs all research projects conducted between LIS and Deakin as set out in Project Schedules made under the agreement. The key material terms of the research framework agreement are as follows:

- The parties may from time to time enter into Project Schedules made under the agreement for research projects proposed and negotiated by the parties. Such Project Schedules include terms around payment, steering committees, specified personnel of the parties and insurances required ; and
- Each party will retain ownership of their respective intellectual property developed prior to the date a Project commences or is acquired or developed independent of the agreement but grants a non-transferrable licence to the other party to use such background intellectual property for the purposes of the relevant Project. Any new intellectual property created, developed or discovered in the conduct of a Project vests in LIS (Project IP) and Deakin is granted a non-exclusive, perpetual, non-transferable, royalty free licence to use the Project IP for the purposes of the Project and for non-commercial research, teaching and scholarly pursuits.

The Shareholders Agreement between PPK Aust., Deakin and BNNTTL was terminated on 20 July 2021.

#### A Joint Venture Agreement between BNNTTL and Deakin

A Joint Venture Agreement for the research, development and commercialisation of new and existing technologies and products where BNNT can be used to create and/or improve these technologies and products whereby:

- BNNTTL provides BNNT and related technologies, products, technical skills and know how;
- Deakin provides existing intellectual property, services of specialist personnel from the Institute of Frontier Materials and other equipment including the university's specialist facilities where required; and
- PPK provides all other services to commercialise the new technologies and services, including the procurement of other specialists with experience in the respective industries, and source or assist with funding and industry partners.

The agreement provides for an initial six BNNT application projects with a joint ownership of PPK having a 65% interest, Deakin University having a 25% interest and BNNT having a 10% interest of those entities incorporated for each project. However, the agreement provides for alternative ownership arrangements for BNNT application projects that are entered into outside of the initial six BNNT application projects.

#### Technology Licence Agreement between BNNTTL and Deakin

A Technology Licence Agreement for an exclusive global 20 years to commercialise the BNNT manufacturing technology patented by Deakin University expiring on 31 May 2038. The Agreement has a quarterly royalty payment of 5% of the gross revenue received by or payable to BNNT Technology Limited or any of its sub-licensees payable to Deakin. The commitment to generate \$50.000M of gross revenues within the first three years after the Evaluation Completion Date was terminated on 19 July 2021.

## Notes to the Consolidated Financial Statements

for the year ended 30 June 2022

### NOTE 35 RELATED PARTIES (continued)

#### 35.2 The Group has the following related party agreements in place: (continued)

##### Lease Agreements

BNNTTL has a three-year lease with Deakin with two three-year options for approximately 986 m<sup>2</sup> at Waurnd Pond, Geelong commencing 7 March 2022. The initial rent payments commence 1 July 2022 at \$13,147 per month, plus building outgoings, with a 3% increase on the annual anniversary date of the lease and a market review at the commencement of each option period. The landlord must be notified by the tenant within six months and not more than twelve months if the tenant wants to exercise the option period. The lease includes all electrical, air conditioning, fixtures and fittings that are installed. The lease also provides for first right of refusal for an additional 284 m<sup>2</sup> expansion space on similar terms and conditions as the existing lease.

BNNTTL has a one year lease extension with Deakin for the premises at Waurnd Pond, Geelong commencing 1 June 2022 for \$6,601 per month. BNNTTL has sub-leased these premises to WGL on the same terms and conditions as the existing lease extension.

The following conditions of the previous lease with Deakin were waived in August 2022:

- an initial \$0.500M payment for Deakin to develop a research plan for BNNTTL; and
- a \$2.000M per annum payment for research funding once BNNTTL revenue exceeds \$5.000M per annum.

PPK has a lease property to MI, a subsidiary of an associated company, for \$240,000 per annum, plus outgoings, with CPI increases on an annual basis and market reviews at the beginning of an option period. The lease expires on 26 August 2024 and has two three-year option periods at the option of the tenant.

#### 35.3 Related Party Transactions

##### Management Services

PPK charged the following companies for management support services during the financial year:

Company	Amount \$
BNNTTL <sup>(1)</sup>	1,052,000
LIS	600,000
Strategic Alloys	15,000
WGL	120,000
	1,787,000

(1) The amount of \$788,000 relates to the previous financial year, however it was not agreed and charged until the current financial year.

##### Sale of BNNT

BNNTTL charged the following companies for sales of BNNT during the financial year:

Company	Amount \$
Amaero Engineering Pty Ltd	2,910
Ballistic Glass	8,000
Deakin	7,500
LIS	54,682
Precious Metals	16,000
Strategic Alloys	36,265
3D Dental	4,000
	129,357

## Notes to the Consolidated Financial Statements

for the year ended 30 June 2022

### NOTE 35 RELATED PARTIES (continued)

#### 35.3 Related Party Transactions (continued)

##### Research and Development

The following research and development charges were made during the financial year:

Deakin charged the following companies for research and development during the financial year:

Company	Amount \$
BNNTTL	52,832
LIS	1,941,678
Precious Metals	100,000
Strategic Alloys	52,500
WGL	1,637,703
	3,784,713

Amaero International Limited charged Strategic Alloys \$5,196 research and development during the financial year.

##### Leases

Deakin charged the following companies for leases during the financial year:

Company	Amount \$
BNNTTL	84,054
LIS	133,448
	217,502

##### Share Sales

The following sales of shares in related parties were made during the financial year:

Company	Company Shares Sold	Amount \$
BNNNTL	LIS	8,500,000

#### 35.4 Related Party Balances

The related party balances are at 30 June 2022 are:

Receivable from	Payable to	Notes	Amount \$000
PPKMEG	PPK	19	2,000
Survivon	PPK	22.1	628
Ballistic Glass	PPK	22.3	66

See also Note 37.1.2. and 37.1.4.

## Notes to the Consolidated Financial Statements

for the year ended 30 June 2022

### NOTE 36 INVESTMENTS IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

Subsidiaries of PPK Group Limited - Continued Operations:	Country of Incorporation	Notes	Percentage Owned	
			2022 %	2021 %
PPK Aust. Pty Ltd	Australia		100%	100%
PPK Investment Holdings Pty Ltd	Australia		100%	100%
Li-S Energy Limited	Australia		45.4%	51.8%
White Graphene Limited	Australia	36.12	58.7%	64.4%
BNNT Technology Limited	Australia	36.5	51%	51%
BNNT Precious Metals Limited	Australia	36.12	45%	45%
Strategic Alloys Pty Ltd	Australia	36.12	45%	45%
3D Dental Technology Pty Ltd	Australia	36.12	45%	45%
PPK Prop Co 1 Pty Ltd	Australia		100%	100%
PPK Plans Pty Ltd	Australia	36.3	100%	100%
PPK Plans 2 Pty Ltd	Australia	36.4	100%	-
BNNT Ballistics Pty Ltd	Australia		100%	100%
AIC Investment Corporation Pty Ltd	Australia		100%	100%
Willoughby NSW Holdings Pty Ltd	Australia	36.1	100%	100%
Willoughby NSW Pty Ltd	Australia	36.2	100%	100%
Rutuba Pty Limited	Australia	36.7	100%	100%
Seven Hills Property Holdings Pty Ltd	Australia	36.8	-	100%
Dandenong South Property Pty Ltd	Australia	36.9	-	100%
PPK Finance Pty Ltd	Australia	36.10	-	100%
<b>Joint venture with PPK Group Limited</b>				
Survivon Pty Ltd	Australia	36.11	47.6%	-
<b>Associates of PPK Group Limited</b>				
Craig International Ballistics Pty Ltd	Australia		45%	45%
Ballistic Glass Pty Ltd	Australia		40%	40%
AMAG Holdings Australia Pty Ltd	Australia	36.6	35%	20%

Subsidiaries - Disposal Group:	Country of Incorporation	Notes	Percentage Owned	
			2022 %	2021 %
PPK Mining Equipment Group Pty Ltd	Australia	36.13	0%	100%
PPK Mining Equipment Pty Limited	Australia	36.13	0%	100%
PPK Mining Equipment Hire Pty Ltd	Australia	36.13	0%	100%
PPK Mining Repairs Alternators Pty Ltd	Australia	36.13	0%	100%
PPK Firefly Pty Ltd	Australia	36.13	0%	100%
PPK Properties Pty Ltd	Australia	36.13	0%	100%
PPK Electrics Pty Ltd	Australia	36.13	0%	100%
York Group Limited	Australia	36.13	0%	100%
Rambor Pty Ltd	Australia	36.13	0%	100%
Rambor Manufacturing Pty Ltd	Australia	36.13	0%	100%
Rambor Logistics & Asset Management Pty Ltd	Australia	36.13	0%	100%
PPK Electrics Holdings Pty Ltd	Australia	36.13	0%	100%
Coaltec Pty Ltd	Australia	36.13	0%	100%
PPK IP Pty Ltd	Australia	36.13	0%	100%

## Notes to the Consolidated Financial Statements

for the year ended 30 June 2022

### NOTE 36 INVESTMENTS IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (continued)

- 36.1 Willoughby NSW Holdings Pty Ltd (formerly PPK Willoughby Holdings Pty Ltd) acts as the trustee company of the PPK Willoughby Funding Unit Trust. The Group holds 22.86% of issued units of this trust which is considered an associate of the Group.
- 36.2 Willoughby NSW Pty Ltd (formerly) PPK Willoughby Pty Ltd acts as the trustee company of the PPK Willoughby Purchaser Unit Trust. PPK Willoughby Funding Unit Trust holds 80% of issued units of this trust.
- 36.3 PPK Plans Pty Ltd is the trustee for the PPK Long Term Incentive Plan.
- 36.4 PPK Plans 2 Pty Ltd was incorporated on 14 February 2022 is the trustee for the PPK Executive Rights Plan.
- 36.5 BNNT Technology Limited was previously a joint venture but became a subsidiary on 4 August 2021 (Note 20.3, 21.1.2).
- 36.6 PPK made multiple investments in the company during the period (Note 22.2.2).
- 36.7 The company has applied to be deregistered.
- 36.8 The company was deregistered on 11 May 2022.
- 36.9 The company was deregistered on 8 June 2022.
- 36.10 The company was deregistered on 11 May 2022.
- 36.11 The investment in the company was done on 23 September 2021.
- 36.12 The Group considers that it is contracted to provide both funding and commercialising the development of the BNNT application projects each entity undertakes, it provides key management personnel, critical services, technology, supplies and raw materials thus it is responsible for affecting the outcomes and economic returns of the entity and accounts for these entities as a subsidiary (Note 2.24).
- 36.13 The companies were demerged from the PPK on 29 June 2022 (Note 13).

### NOTE 37 EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

#### 37.1 PPK

- 37.1.1 On 1 July 2022, PPK appointed Anne-Marie Birkill as an Independent Non-Executive Director of the Company.
- 37.1.2 On 14 July 2022, PPK loaned \$600,000 to PPKMEG for a period of 12 months at 8.0% interest. The loan is secured against inventory of mining equipment assets purchased from a competitor in the mining equipment industry
- 37.1.3 In August 2022, PPK made an advance facility of up to \$1,000 million should WGL require the funds. The facility remains open for a period of one year or upon WGL completes a capital raise of a minimum of \$3.575M, whichever is earlier.
- 37.1.4 PPK has invested \$0.335M in AMAG's equity, loaned \$125,000 to Survivon and \$0.015M to Precious Metals.
- 37.1.5 On 2 August 2022, Survivon assigned the debt owing to PPK of \$0.645M and the debt owing to the other shareholder of \$0.083M to MI. Survivon then completed a selective share buyback from its shareholders with both shareholders selling 100% of its shareholding to Survivon. PPK received \$0.864M for its interest in Survivon and used these funds to acquire 91% of the shares in MI from Survivon. The shareholders then terminated the Shareholder Agreement on the same date.



# Notes to the Consolidated Financial Statements

for the year ended 30 June 2022

## NOTE 37 EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD (continued)

### 37.1 PPK (continued)

The summarised financial information of MI is provided below. This information is based on provisional management information and is before inter-company and consolidation eliminations.

Summarised Statement of Financial Position	\$000
<b>Assets</b>	
Cash	16
Inventories	513
Other current assets	42
Plant and equipment	489
Security deposit	60
<b>Total assets</b>	<b>1,120</b>
<b>Liabilities</b>	
Trade and other payables	456
Provisions and lease liabilities	26
<b>Total liabilities</b>	<b>482</b>
<b>Total identifiable net assets</b>	<b>638</b>

MI will be consolidated from 2 August 2022, being the date of the acquisition. The acquisition accounting for the business combination is provisional financial information and will be disclosed at the half year.

37.1.6 In August 2022, PPKMEG restructured its \$4.000M finance facility from a major Australian bank and the guarantee and indemnity previously provided by the Group was terminated.

### 37.2 LIS

On 14 July 2022, LIS loaned \$1.400M to PPK Mining Equipment Group (PPKMEG) for a period of 12 months at 8.0% interest. The loan is secured against a property in Mt Thorley, NSW which was independently valued at \$2.000M.

### 37.3 WGL

On 21 July 2022, WGL approved a 1 for 2 bonus issue and, on completion of the bonus issue, it approved a capital raise of a minimum of \$3.575M and a maximum of \$8.575M at \$0.50 per share with the issuance of between 7.150M to 17.150M shares.

On 3 August 2022, WGL incorporated a 100% subsidiary called WGL Plans Pty Ltd which will be the trustee for the WGL long term incentive plan. On 9 August 2022, WGL issued 1,000,000 WGL fully paid ordinary shares to WGL Plans Pty Ltd which resulted in WGL having 92.900M shares issued. On the same day it completed the 1 for 2 bonus issue resulting in an increase of 46.450M shares issued for a total number of shares on issue to 139.350M. At the time the Directors have signed off on this report, the capital raise is in progress.

In August 2022, PPK made an advance facility of up to \$1.000M should WGL require the funds. The facility remains open for a period of one year or upon WGL completing its capital raise, whichever is earlier.

There have been no other matter or circumstance that has arisen since the end of the financial period which is not otherwise dealt with in this report or in the Financial Statements that has significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

## Directors' Declaration

for the year ended 30 June 2022

1. In the opinion of the Directors of PPK Group Limited;
  - a) The consolidated financial statements and notes of PPK Group Limited are in accordance with the *Corporations Act 2001*, including
    - (i) Giving a true and fair view of its financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and
    - (ii) Complying with Australia Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
  - b) There are reasonable grounds to believe that PPK Group Limited will be able to pay its debts as and when they become due and payable.
2. The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2022.
3. Note 2 confirms that the consolidation financial statements also comply with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors:



**Robin Levison**  
Executive Chairman



**Glenn Molloy**  
Executive Director

Dated this 29<sup>th</sup> day of August 2022

# Independent Auditor's Report



Ernst & Young  
111 Eagle Street  
Brisbane QLD 4000 Australia  
GPO Box 7878 Brisbane QLD 4001

Tel: +61 7 3011 3333  
Fax: +61 7 3011 3100  
ey.com/au

## Independent auditor's report to the members of PPK Group Limited

### Report on the audit of the financial report

#### Opinion

We have audited the financial report of PPK Group Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the consolidated financial position of the Group as at 30 June 2022 and of its consolidated financial performance for the year ended on that date; and
- b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

# Independent Auditor's Report



Independent Auditor's Report  
PPK Group Limited  
Page 2

## Impairment Testing of Intangible Assets and Property, Plant and Equipment

### Why significant

As disclosed in Notes 25, 24 and 23 to the financial report, the Group's continuing operations recorded intangible assets of \$37,475,000, property, plant and equipment of \$5,439,000 and right of use assets of \$1,256,000 as at 30 June 2022. These assets represent 68% of the Group's total non-current assets as at 30 June 2022.

The Group performs an annual impairment assessment for indicators of impairment for property, plant and equipment and intangible assets other than goodwill and intangible assets not yet available for use. Where indicators of impairment are present for an individual development asset the recoverable amount of the asset is assessed and compared to its carrying value. Goodwill and intangibles not yet available for use are tested annually regardless of indicators. An assessment is also made of indicators of impairment for each individual Cash Generating Unit (CGU).

The significant assumptions used in the impairment testing referred to above are inherently subjective and in times of economic uncertainty the degree of subjectivity is higher than it might otherwise be. Based on the size of the assets amounts and the judgement involved in determining the recoverable amount, we have considered this a key audit matter.

### How our audit addressed the key audit matter

Our audit procedures included the following:

- Evaluating the Group's assessment of its CGUs for consistency with the requirements of Australian Accounting Standards.
- Evaluating the completeness of the Group's assessment of impairment indicators for intangible assets in development and each CGU.
- Assessing management's commercial basis for the development and commercialisation of products in process development.
- Assessing the key assumptions within the impairment assessment of each asset, goodwill and CGU including the commercial prospects, growth rate and discount rate.
- Applying our knowledge of the business and corroborating our work with external information where possible.
- Assessing the adequacy of the disclosures included in Notes to the financial report.

# Independent Auditor's Report



Independent Auditor's Report  
PPK Group Limited  
Page 3

## Accounting for non-controlled Investments

### Why significant

The Group holds a number of significant non-controlled investments in its portfolio. The investments (which are individually significant) are recorded as non-current assets and are accounted for by the Group as follows:

Investee	Classification	Accounting Method	Note
Craig International Ballistics Pty Ltd	Associate Entity	Equity method	22
AMAG Holdings Australia Pty Ltd*	Associate Entity	Equity method	22
Survivon Pty Ltd*	Associate Entity	Equity Method	22
Zeta Energy LLC	Financial Asset at Fair Value Through Profit and Loss	Fair Value Through Profit and Loss	18
Listed Investments	Financial Asset at Fair Value Through Profit and Loss	Fair Value Through Profit and Loss	18

\* Acquired during the year ended 30 June 2022.

The accounting policies applied in recognising and measuring the Group's investments are disclosed in Note 2 of the Group's financial report.

This area is a key audit matter due to the significance of the carrying amount of the investments to the Group's Statement of Financial Position, and the judgement involved in assessing whether control, joint control, significant influence or no influence exists. Subjectivity also exists in assessing the value of investments recorded at fair value.

### How our audit addressed the key audit matter

#### All Investments

Our procedures included the following:

- Reviewing investment and shareholder documents and correspondence in relation to each investment.
- Challenging the Group's assessment as to the method of accounting for each investment for compliance with Australian Accounting Standards.
- Testing the Group's interest in each investee entity.
- Testing management's impairment assessment of the investment by considering forecasts of forward earnings, commercial activities and discount rates or recent arm's length capital raisings.
- Assessing the adequacy of the related disclosures within the financial report.

*Survivon Pty Ltd* ("Survivon"), *Craig International Ballistics Pty Ltd* ("CIB") and *AMAG Holdings Australia Pty Ltd* ("AMAG").

Our procedures included the following:

- Evaluating the Group's accounting for the initial investment in Survivon for consistency with Australian Accounting Standards.
- Scoping and testing (based on the scoping) of selected transaction and account balances in the underlying financial information of Survivon, CIB and AMAG to provide sufficient appropriate audit evidence as to the profit and financial positions of Survivon, CIB and AMAG investments for the purpose of the Group audit.
- Assessing the accounting policies of Survivon, CIB and AMAG for consistency with the Group's policies.
- Evaluating the Group's share of net gains and the equity method investment movement for the year ended 30 June 2022.
- Assessing the carrying amount of the Group's equity method investment at 30 June 2022.

# Independent Auditor's Report



Independent Auditor's Report  
PPK Group Limited  
Page 4

## Why significant

## How our audit addressed the key audit matter

### *Zeta Energy LLC*

Our procedures included the following:

- Recalculating the fair value of the Group's investment at 30 June 2022 using current share valuations, supported by recent capital raising transactions and converting the US dollar denominated investment value to Australian dollars at 30 June 2022.

### *Listed Investments*

Our procedures included the following:

- Recalculating the fair value of the Group's investment at 30 June 2022 using last trade price information from the Australian Securities Exchange.
- Verifying the Group's shareholding at 30 June 2022.

# Independent Auditor's Report



Independent Auditor's Report  
PPK Group Limited  
Page 5

## Disposal of PPK Mining Equipment Group Pty Ltd and Controlled Entities (PPKME)

### Why significant

On 29 June 2022, the Group disposed of its interest in PPK Mining Equipment Group Pty Ltd and Controlled Entities (PPKME) via an *in-specie* distribution of 100% of the share capital in PPKME to shareholders of the Group. The transaction is disclosed in Note 13 to the financial statements.

The distribution was allocated between a return of capital \$13,490,000 and a dividend of \$2,509,000. Prior to disposal, PPKME contributed pre-tax loss of \$649,000, including which is disclosed as a loss after tax expense from discontinued operations for the year ended 30 June 2022.

Significant judgement has been used in determining the held-for-sale date, the allocation of the *in-specie* distribution between dividend and return of capital and the calculation of the impairment charge. Based on the above, we have considered this a key audit matter.

### How our audit addressed the key audit matter

Our audit procedures included the following:

- Testing the operating result of PPKME for the period between 1 July 2021 and 29 June 2022, including the impairment charge and revenue recognised during the period for compliance with Australian Accounting Standards.
- Assessing the judgement applied in determining the held-for-sale date.
- Assessing the key assumptions used to allocate the *in-specie* distribution between dividend and return of capital.
- Assessing the adequacy of the disclosures included in Note 13 to the financial report.

## Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2022 annual report but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

# Independent Auditor's Report



Independent Auditor's Report  
PPK Group Limited  
Page 6

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- ▶ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.



# Independent Auditor's Report



Independent Auditor's Report  
PPK Group Limited  
Page 7

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on the audit of the Remuneration Report

### Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of PPK Group Limited for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

### Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

A handwritten signature in black ink, appearing to read 'Ernst &amp; Young'.

Ernst & Young

A handwritten signature in black ink, appearing to read 'Brad Tozer'.

Brad Tozer  
Partner  
Brisbane  
29 August 2022

## Shareholder Information

as at 22 August 2022

### Fully paid ordinary shares:

- (a) Total shares issued: 89,289,293
- (b) Percentage held by 20 largest shareholders: 60.10%
- (c) Total number of PPK shareholders: 5,125
- (d) Shareholders with less than marketable parcel of shares: 1,427
- (e) There is not a current on market buy-back.
- (f) Voting rights: Every shareholder present personally or by proxy or attorney etc, shall, on a show of hands, have one vote and on a poll shall have one vote for every share held. No voting rights attach to options.
- (g) Distribution schedule of fully paid ordinary shares:

Holdings Ranges	Total holders	Units	% Units
1 - 1,000	2,745	1,003,241	1.12
1,001 - 5,000	1,486	3,609,222	4.04
5,001 - 10,000	392	3,000,726	3.36
10,001 - 100,000	414	12,348,925	13.83
100,001 Over	88	69,327,179	77.64
<b>Total</b>	<b>5,125</b>	<b>89,289,293</b>	<b>100.00%</b>

(h) Voting rights: Every member present personally or by proxy or attorney etc, shall, on a show of hands, have one vote and on a poll shall have one vote for every share held.

(i) Top 20 Holders of Ordinary Fully Paid Shares

Rank	Name	Shares	%
1	WAVET FUND NO 2 PTY LTD <WAVET SUPER FUND NO 2 A/C>	14,011,998	15.69
2	EQUIPMENT COMPANY OF AUSTRALIA PTY LTD	7,014,866	7.86
3	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	4,689,162	5.25
4	SMN HOLDINGS PTY LTD	3,230,000	3.62
5	BUYCO PTY LTD <BUYCO A/C>	3,000,000	3.36
6	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	2,780,733	3.11
7	MCNAMARA SUPER GROUP PTY LTD <MCNAMARA SUPER FUND A/C>	2,775,919	3.11
8	IGNITION CAPITAL PTY LTD <THE IGNITION A/C>	2,336,788	2.62
9	CONTEMPLATOR PTY LTD <ARG PENSION FUND A/C>	2,326,000	2.61
10	CITICORP NOMINEES PTY LIMITED	2,026,888	2.27
11	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,599,950	1.79
12	IGNITION CAPITAL NO 2 PTY LTD <IGNITION SUPER FUND A/C>	1,527,692	1.71
13	JOHN E GILL OPERATIONS PTY LIMITED <JOHN E GILL NO 2 A/C>	1,102,221	1.23
14	MR LESLIE JOHN FIELD + MRS EVE FIELD	1,007,584	1.13
15	SASH INVESTMENT GROUP PTY LTD <SAMANTHA MOLLOY FAMILY A/C>	955,000	1.07
16	NATIONAL NOMINEES LIMITED	896,302	1.00
17	MINOAN CORPORATION LIMITED	700,000	0.78
18	EST MR FRANCESCO MARIO NAPOLI	597,181	0.67
19	RUMINATOR PTY LTD	568,425	0.64
20	IRONFURY PTY LTD <THE DAVID DUNN FAMILY A/C>	516,733	0.58
<b>Top 20 holders of Ordinary Fully Paid Total</b>		<b>53,663,442</b>	<b>60.10</b>
<b>Total Remaining Holders Balance</b>		<b>35,625,851</b>	<b>39.90</b>

## Shareholder Information

as at 22 August 2022

(j) Substantial Holders

<b>Substantial Holder</b>	<b>Number of Shares Held</b>	<b>% of Issued Capital</b>
Wavet Fund No 2 Pty Ltd	14,011,998	15.69
Equipment Company of Australia Pty Ltd	7,014,866	7.86
JP Morgan Nominees Australia Pty Ltd	4,689,162	5.25

(k) Unquoted Securities:

<b>Security</b>	<b>Total Holders</b>	<b>Number</b>	<b>Terms</b>
Performance Rights	2	90,000	Each Performance Right is an entitlement, upon vesting and exercise, to an ordinary fully paid share in the Company. The Performance Rights all vested on 30 June 2021 but remain unexercised.
Performance Rights	4	61,912	Each Performance Right is an entitlement, upon vesting and exercise, to an ordinary fully paid share in the Company. The Performance Rights will be assessed against the vesting conditions in June 2023.
Performance Rights	8	82,298	Each Performance Right is an entitlement, upon vesting and exercise, to an ordinary fully paid share in the Company. The Performance Rights will be assessed against the vesting conditions in June 2024.

# Corporate Directory

## PPK Group Limited ABN 65 003 964 181

A public company incorporated in New South Wales and listed on the Australian Securities Exchange (ASX Code: PPK)

### Directors

Robin Levison	(Chairman)
Glenn Molloy	(Executive Director)
Anthony John McDonald	(Non-Executive Director)
Anne-Marie Birkill	(Non-Executive Director)

### Company Secretaries

Will Shiel  
Liam Fairhall

### Registered Office and Principal Place of Business

#### PPK Group Limited

Level 27, 10 Eagle Street  
Brisbane QLD 4000 Australia

Telephone: +61 7 3054 4555

Email: [info@ppkgroup.com.au](mailto:info@ppkgroup.com.au)

Web Site: [www.ppkgroup.com.au](http://www.ppkgroup.com.au)

### Share Register

#### Computershare Investor Services Pty Ltd

Level 3, 60 Carrington Street  
Sydney NSW 2000 Australia

Telephone

(within Australia): 1300 556 161

Telephone

(international): +61 2 8234 5000

Contact: <https://www.computershare.com/au/business/registry-services/contact-us>

### Solicitors

#### Mills Oakley

Level 23, 66 Eagle Street  
Brisbane QLD 4000 Australia

### Bankers

#### National Australia Bank Limited

Level 17, 259 Queen Street  
Brisbane QLD 4000 Australia

### Auditors

#### Ernst & Young

Level 51, 111 Eagle Street  
Brisbane QLD 4000 Australia





[www.ppkgroup.com.au](http://www.ppkgroup.com.au)